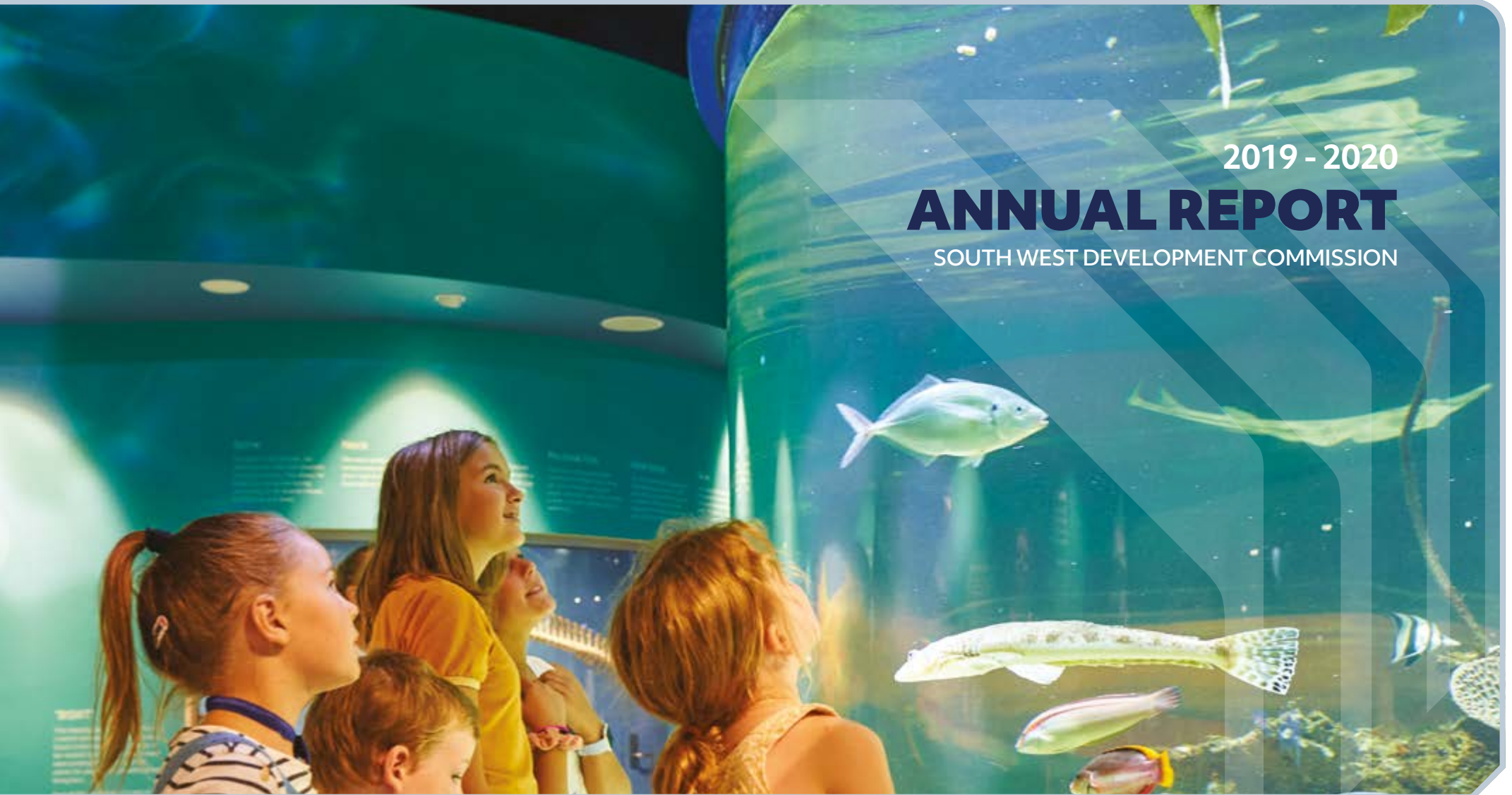


*We're working for
Western Australia.*



2019 - 2020
ANNUAL REPORT
SOUTH WEST DEVELOPMENT COMMISSION





Acknowledgement of country

We acknowledge the traditional custodians of country throughout the South West and recognise their continuing connection to land, waters and culture. We pay our respects to their Elders past, present and emerging.



Contents

Welcome 2

Overview 4

 Chairman's Foreword 5

 Executive Summary 6

 Highlights..... 8

 State of the Region 10

About Us 12

 The Board 14

 Organisational Structure 16

 Executive 17

 Our Office, Our People 18

Grants and Funding..... 20

 Regional Economic Development Grants – Round Two 21

 Collie Futures Fund 22

 Other Funding 23

 Case study – End to End Licensing Project 24

 Case study – TraaVerse 25

Agency Performance and Highlights 26

 Strategic Projects and Grants 27

 Infrastructure and Lands 30

 Business and Industry 33

Financials 37



COVER IMAGE: The Dolphin Discovery Centre was redeveloped as part of the State Government's Transforming Bunbury's Waterfront project, reopening in February 2019. Prior to COVID-19, it was employing more than double the amount of people than before its redevelopment.



WELCOME

Message to the Minister

Honourable Alannah MacTiernan MLC
Minister for Regional Development



In accordance with Section 63 of the Financial Management Act 2006, we hereby submit for your information and presentation to Parliament, the Annual Report of the South West Development Commission, for the financial year ended 30 June 2020. At the date of signing, we are not aware of any circumstances which would render the particulars in this statement misleading or inaccurate.

Nick Belyea
Chairman of the Board

2 September 2020

Mellisa Teede
Chief Executive Officer

2 September 2020

Welcome to the South West Development Commission's annual report for 2019/20

This report has been produced to inform stakeholders about our achievements, priorities, direction and performance. **No client survey was carried out this year as a result of an exemption relating to COVID-19. Agencies were also not required to include a number of usual requirements.**

Accessibility

To request alternative versions of this report or to provide feedback, contact us on 9792 2000 or info@swdc.wa.gov.au.

Online

We encourage readers to support the environment and access this report online where possible. Visit www.swdc.wa.gov.au.



With the support of a Regional Economic Development (RED) grant, Ocean Grown Abalone's new storage and processing facility was officially opened in Augusta.

We're working with you to
shape the future of the region



*Working with stakeholders to build the case for
an advanced manufacturing hub.*



OVERVIEW



Visiting a South West advanced manufacturing success story – Geographe Enterprises.



Together with the members of the Board, I am proud of the way the team at SWDC has worked to support our local communities through the unprecedented global crisis brought about by the COVID-19 pandemic of 2020.

The region has experienced tough circumstances before, but the economic impact the international coronavirus outbreak has had on the South West has been extraordinary to say the least. In tackling the challenge, our people worked tirelessly to assist the South West during the height of the shutdown and then put the region on the road to recovery.

Prior to COVID-19, the Commission was focused on its work to develop the South West in a range of sectors including tourism, agriculture and mining as well as to support initiatives through the Regional Economic Development (RED) Grants program. A highlight, which many in the South West were anticipating, would have been the commencement in March 2020 of Jetstar services between Melbourne and Busselton. Regrettably, COVID-19 intervened to suspend these services but Jetstar is keen to commence services and hopefully this will occur in the future. My congratulations to the City of Busselton for seeing a dream materialise, albeit delayed for the time being.

Our mission to develop the region's economy has never been more important. Through our day-to-day work, we

will continue to persist in helping the region's economy to bounce back. Part of this is seeing opportunities in this challenging period. We are creating a pipeline of jobs by fast-tracking projects, providing grants to support community-led economic initiatives, and connecting residents to opportunities.

We are rebuilding on strong foundations. Efforts already in motion prior to COVID-19 are resulting in businesses cracking new international markets as well as new businesses and industries emerging.

These measures will underpin both short-term and long-term growth strategies as we strive to simultaneously help restore the region's economy and set up the South West for a prosperous future.

Both the Board and myself look forward to working with all our stakeholders to restore and grow the South West economy in 2020/21.

Nick Belyea
SWDC Chair



Our efforts prior to COVID-19 combined with a whole-of-government response to economic recovery provide firm foundations from which to rebuild.

Our dynamic region has enjoyed steady economic growth of 6.9 per cent over the past five years (2014 – 2019), generating \$14.7 billion in Gross Regional Product in 2019. However, the impact of COVID-19 placed significant vulnerability on our people and our economy, challenging us to think beyond business-as-usual to support the region through a challenging time.

To maintain and build economic resilience, the Commission importantly worked in partnership with government, industry and the community. We will continue to team up with stakeholders to restore the economy and industry, support our community and build new infrastructure to recover jobs.

The inventiveness and resilience that shone through in our region during the height of the lockdown are characteristics that will help to put the South West in good stead to not only bounce-back but to thrive. Local businesses showed ingenuity and a willingness to diversify during the coronavirus lockdown and this innovative approach will continue to support enterprise and employment.

We are witnessing the private sector being incentivised by State Government funding to establish new and expanded job-creating businesses and industry. A major coup was the WesTrac Technology Training Centre establishing in Collie as the southern hemisphere's only Caterpillar autonomous technology training facility.

Strategic State Government investment in the region's cities and towns has materialised. We have seen the

ongoing transformation of the Bunbury waterfront, Busselton's foreshore continues to develop, the revitalisation of the Manjimup town centre to attract new investment, and continued enhancements to Margaret River that will further build the town's reputation as a must-visit destination.

Bunbury's Halifax Business Park is being upgraded so it can attract new businesses which will generate new employment opportunities. Meanwhile, the continuing transition of Collie's economic structure has seen the coal mining and power generation town gear up to become a world leader in the training of autonomous equipment for use in the resources sector. Collie also has an exciting future as an adventure tourism town with new attractions being realised.

As catalysts for economic growth and development, we will persist in our efforts to find new ways to support the creation of local jobs, in both the short and long term. This means planning for projects with the capacity to unlock the region's potential to produce the jobs of the future in growth industries such as advanced manufacturing and lithium.

Local success stories inspire us to find new angles for opportunities. A lithium processing plant in Kemerton that will utilise locally-sourced lithium mineral concentrate is set to open up about 300 new jobs in 2021, providing a glimpse into the industry's job-creating potential in the region.

We are big believers in the capacity of our local businesses and skilled workforce. We therefore remain committed to connecting as many local businesses as possible to



opportunities on State Government projects such as the Bunbury Outer Ring Road and Transforming Bunbury's Waterfront projects.

International markets, though challenging at the moment to navigate, will continue to provide growth opportunities for local businesses. Virtual trade tastings are helping local businesses connect with potential customers overseas amid border closures, travel restrictions and events cancellations.

We remain committed to building a region of first choice by supporting the development of thriving, creative and inclusive communities with high living standards. This has involved addressing gaps in aged care throughout our region, and ensuring residents have opportunities to enjoy full lives where they are able to pursue their interests.

Going forward, we must ensure our people have fulfilling and sustainable jobs and live in well-supported, thriving, diverse and creative communities. We want our residents to have continued improvement to living standards and access to quality education and healthcare, affordable housing and essential services.

I would like to thank the Regional Development Minister Alannah MacTiernan and her staff for their leadership. I would also like to acknowledge the work and support of our Chairperson Nick Belyea, board members and staff.

We have a good team which will continue to work together with stakeholders to shape the South West.



Mellisa Teede
 SWDC CEO



Construction of CapeCare Dunsborough was underway this year. Once fully operational in 2021, the aged care facility is expected to generate around 60 full time jobs in the aged care sector.

Rebuilding on strong foundations

- SWDC's trade team facilitated more than 960 connections between local businesses and overseas trade representatives
- We led job-creating projects such as the Transforming Bunbury's Waterfront
- We facilitated local content opportunities on the upcoming Bunbury Outer Ring Road project
- Grants programs have helped job-creating, economy-strengthening initiatives get off the ground



Trade Snapshot

Outbound trade missions took **53 businesses overseas**, facilitating introductions to **260 importers and distributors**



Assisting businesses to crack new markets overseas

With our assistance, Eagle Bay Brewing Co joined the growing list of South West export success stories in the reporting year. For the first time, the company's beer was poured overseas after cracking the Singapore market following participation in Margaret River on Tour and being connected to industry representatives by our TradeStart team. Eagle Bay Brewing Co is preparing to send its third shipment of craft beer to the South East Asian city-state in late August 2020, following on from the inaugural order sent in late 2019 and a batch sent just before COVID-19 restrictions hit Singapore. Before entering the Singapore market, the brewery had only ever sold their product in WA.



An official ground-breaking is held for the new WesTrac Technology Training Centre.

Key achievements

- The \$20 million Collie Futures Fund attracts new business and industry into Collie including the WesTrac Technology Training Centre (pictured above)
- A pre-feasibility study is carried out into rail-based supply chain solutions to support the lithium industry
- Planning is underway to build the case for an advanced manufacturing hub in Bunbury Geopraphe
- Six initiatives received a share in \$276,680 through the Collie Futures Small Grants Program
- Five projects across the South-West shared in \$571,826 through Round 2 of the Regional Economic Development (RED) grants program
- South West business registers are created to allow local businesses to register their interest in work opportunities relating to the Bunbury Outer Ring Road and Transforming Bunbury's Waterfront projects
- Stage One of the Margaret River Main Street project is complete and Stage Two is underway
- Halifax Business Park is improved with 22 CCTV cameras installed as part of a wider \$3m infrastructure enhancement project
- The Join the Dots pilot program is trialled in the South West, supporting 16 local businesses to build their capability and competitiveness
- Collie's tourism industry is stimulated through investment in new attractions and services



- The final stage of the Jetty Road causeway upgrade progresses towards completion as part of Transforming Bunbury's Waterfront
- Inbound trade delegations linked to food and wine festivals such as the Western Australia Gourmet Escape link local businesses with visiting international trade representatives
- Cape Leeuwin Lighthouse precinct named a winner in the 2020 WA Heritage Awards
- Margaret River HEART officially opens
- Projects funded in Round 1 of the Regional Economic Development (RED) grants are completed, including Ocean Grown Abalone's new storage and processing facility and The Colony Concept agritourism venture (pictured below)
- Two movies filmed in the region – The Naked Wanderer and GO! – are released in cinemas
- The inaugural Strings Attached: The West Australian Guitar Festival is held
- The Manjimup Town Centre Revitalisation is completed
- The aged care accommodation needs of the South West are addressed with new units at Brunswick River Cottages
- Construction is underway on Capecare Dunsborough's aged care project
- Community consultation is carried out as part of planning for developing Mangrove Cove
- Businesses are supported to achieve success in the international marketplace through the TradeStart program
- The Margaret River on Tour export facilitation and promotional event extends from Singapore to Malaysia for the first time
- The South West Angels continue to facilitate investment in local start-ups
- Visits by international hotel investment, tourism and trade groups seeking new hotel sites
- The first participant in the End to End Young Driver Training program earns their driver's permit
- The Bunbury Development Committee undertakes community consultation for future development at Mangrove Cove
- Prior to COVID-19, the redeveloped Dolphin Discovery Centre had emerged as a major tourist attractor and had more than doubled the number of people employed to almost 60



The Colony Concept opens its doors with support from a Regional Economic Development (RED) grant

COVID-19 support

- Projects identified for fast-tracking as part of recovery efforts
- \$60,000 in critical support for chambers of commerce and key business associations
- \$50,000 towards a locally driven tourism initiative aimed at supporting small businesses and tourism operators in Collie-Preston to recover from COVID-19
- Intelligence gathering back to State Government
- Information provided to working holiday makers stranded in the region
- Local businesses linked virtually to opportunities overseas
- The Follow the Sun live streaming project connects people commemorating Anzac Day in isolation at driveway dawn services



Support is provided for the Busselton Chamber of Commerce and Industry.



OVERVIEW

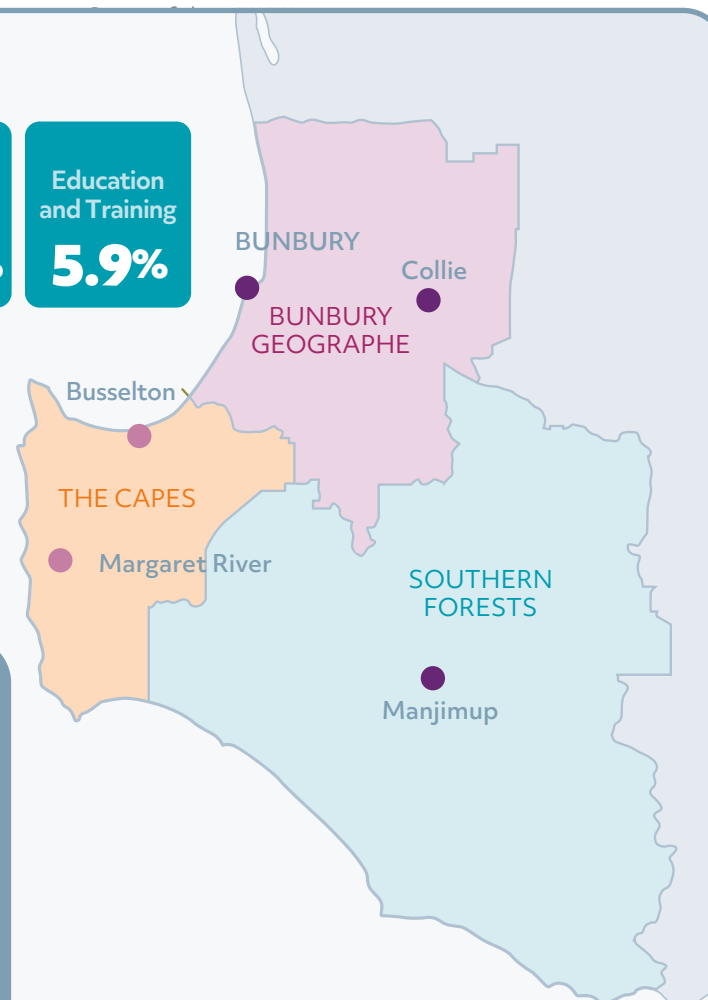
State of the Region



OVERVIEW | ABOUT | FUNDING | PERFORMANCE | FINANCIALS

Chairman's Foreword | Executive Summary | Highlights | State of the Region

Biggest industry sectors based on value-added



South West Sub-regions,

● SWDC Offices and Hot Desks

Significant social and economic trends

- The global COVID-19 pandemic negatively impacted the South West's economy
- Intrastate travel restrictions came into effect at 11:59pm on 31 March 2020 to reduce the spread of COVID-19. Most regional travel restrictions were removed on 5 June 2020. WA's hard border closure came into effect on April 5 2020 and remains in place.
- Changes to the energy sector have meant the continued need to transition the economy of the coal mining and power generation town of Collie
- The South West is home to the world's highest-grade rock lithium resource at Greenbushes, placing it in the box seat to capitalise on the lithium industry
- The South West's percentage of over-55s is 30.4 per cent, compared to the WA percentage of 25.4%



Innovation in isolation

South West businesses were among those which joined an international trend that saw entrepreneurs reconfigure their business models during a time of need to help stop the spread of coronavirus. Particularly high-profile were the manufacturers who stepped up and retooled to fill gaps in critical supply lines during an unprecedented time. In the South West, wineries, distilleries and perfumeries were among those which adapted by producing hand sanitiser. By doing so, they helped to meet the demand for a much-needed product and showcased the capabilities of local businesses.

In focus – Harris River Estate

Julie and Karl Hillier at Harris River Estate were quick to join the wartime-like retooling that occurred to stock people with hand-sanitiser in the battle against coronavirus.

Not only did they repurpose ethanol originally meant for producing gin at the Collie-based winery, but they also invented a contactless hand sanitiser system.

The three HRE Contactless Hand Sanitiser System models are designed for use in businesses and organisations. The contactless systems allow staff and visitors to receive an allocation of high-grade sanitiser without touching anything.

HRE's initiative is also helping to put Collie on the road to recovery. Every delivery of their HIT – Hand Sanitiser comes with a voucher redeemable at a local business in order to encourage people to visit Collie.



Karl and Julie Hillier innovated and invented a contactless hand sanitiser system.



ABOUT US

Our vision

By 2050, the South West is internationally recognised as a region of excellence.

Our values

- **Excellence** – in all we deliver
- **Engaged** – to be an outwards looking organisation, connected to the community and representing local interests and needs
- **Integrity** – to act ethically, honestly and with transparency
- **Inclusive** – to be positive and supportive, respecting and valuing diversity
- **Impact** – to make a difference in all we undertake

Our staff members work collaboratively with stakeholders in the region to achieve our vision. Our stakeholders are people like you, representing areas such as government, community and industry.



What we do

The Commission is a statutory authority of the West Australian Government, working for the benefit of the South West region. Driving economic development outcomes is a core area of focus, as is improving quality of life and enhancing liveability.

The Commission was enacted under the Regional Development Commissions Act 1993, and is one of nine uniformly legislated agencies, each serving a different region of Western Australia. Prior to 1994, the Commission was known as the South West Development Authority.

Our objectives are to:

- Maximise job creation and improve career opportunities in the region
- Develop and broaden the economic base of the region
- Identify infrastructure services needed to promote economic and social development within the region
- Provide information and advice to promote business development within the region
- Seek to ensure that the general standard of government services and access to those services in the region is comparable to that which applies in the metropolitan area; and
- Generally take steps to encourage, promote, facilitate and monitor the economic development in the region.

How we work

To achieve our vision, we deliver outcomes through three strategic portfolios:

- Business and Industry
- Infrastructure and Lands
- Strategic Projects and Grants

Complementing our ability to produce positive outcomes for the region is the fact that we are contracted by the Australian Trade Commission to deliver Austrade's TradeStart services. We are also part of the State Government's Local Content Adviser Network (LCAN), with a local content adviser based at the Commission. We provide resourcing and support towards the Department of Premier and Cabinet's Collie Delivery Unit, which takes a whole-of-government approach to coordinating, overseeing and promoting activities and initiatives that support the future prosperity of Collie.

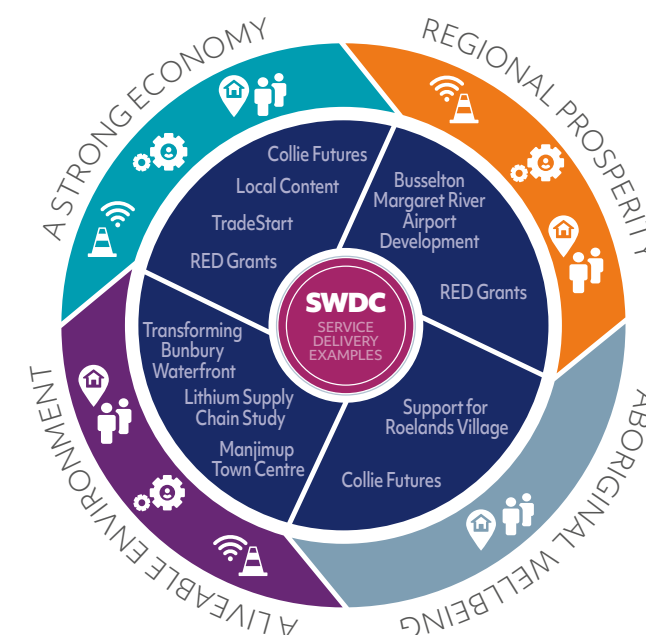
Where we work

Our staff members work across the entire South West region of Western Australia, covering 23,970 square kilometres. To ensure we are accessible to all communities, we have offices in Bunbury, Collie and Manjimup as well as hot desks in Busselton and Margaret River. Staff members also travel widely throughout the region.

COVID-19 and the associated physical distancing measures put in place to curtail the spread of the virus has changed the way we work and interact with each other. We are now increasingly participating in videoconferencing in place of physical meetings and are equipped to work from home when required.

Government goals

Our strategic delivery areas align with the State Government's priorities.





Our board is the governing body responsible to the Regional Development Minister for setting the direction and priorities of the Commission. It meets regularly to discuss matters relating to the Commission and make decisions about projects, priorities and expenditure.

Members are selected from community and local government nominations, as well as Ministerial appointments. The Commission's chief executive officer also serves on the board in an ex-officio capacity, but does not have voting rights.

All board members bring skills, knowledge and experience that benefit the Commission and the region. Like staff, board members are expected to declare conflicts of interests and adhere to a code of conduct.

Changes to the board

The composition of the board changed in 2019/20 as we bid farewell to some familiar faces and welcomed new members. Julie Hillier and Jacqueline Jarvis resigned early in the financial year, with their seats in the board room filled by Tresslyn Smith and Catrin Allsop.

Board subcommittees

There were no subcommittees of the board in 2019/20.

Primary activities

- Set the overall strategic direction and goals of the Commission
- Provide guidance on specific projects and initiatives
- Formulate Commission policy
- Review progress at regular intervals to ensure established goals are being achieved
- Monitor Commission expenditure
- Promote economic development
- Represent the Commission at relevant meetings and functions
- Advocate for the region

Attendance

In 2019/20, there were six scheduled meetings. The board temporarily moved to virtual meetings during the COVID-19 shutdown to continue making decisions about regional priorities from a physically safe distance.



Pat Scallan, Mellisa Teede, Nick Belyea, Jennie Franceschi, and Tony Dean.

Board member	Meetings attended	Meetings eligible to attend
Nick Belyea	6	6
Jennie Franceschi	6	6
Tony Dean	5	6
Pat Scallan	4	4
Tresslyn Smith	4	4
Catrin Allsop	4	4



Board as of June 30 2020

Nick Belyea, Chairperson

Ministerial representative,
3-year term expiring 31 December 2021

Nick Belyea has extensive high-level experience in aviation, tourism and transport, in both the public and private sectors. He spent nine years as CEO of Broome International Airport and worked at the Department of Transport for 10 years overseeing aviation, rail, port and freight policy. He splits his time between Perth and Augusta, increasingly spending more time in the South West.

Jennie Franceschi, Deputy Chairperson

Ministerial representative, 3 year term expiring 30 June 2020

Jennie Franceschi is passionate about regional development and supporting Australian farmers. The Manjimup resident is an experienced exporter, and is currently the managing director of Australian Brand Exports. In 2017, Jennie was named Telstra Western Australian Business Woman, also taking out the Corporate and Private Award.

Tony Dean, Board Member

Local Government representative,
3-year term expiring 31 May 2021

Tony brings a wealth of experience in community leadership and a whole of South West perspective to the board. He is currently the president of the Shire of Nannup, was previously the Member for Bunbury, and spent seven years as a Bunbury City councillor. He is president of the South West Local Government Association, president of the Warren Blackwood Alliance of Councils, and a state councillor for the Western Australian Local Government Association.

Pat Scallan, OAM

Community representative, 3
-year term expiring 31 December 2022

Pat recently retired as General Manager Projects – Talison Lithium Pty Ltd Greenbushes Operations. He has held a number of senior operational positions in the mineral sands industry at both Eneabba and Capel and has worked at gold mining operations at Western Deep Levels in South Africa. Mr Scallan has been the chairman and deputy chairman of the South West Regional Council of the Chamber of Minerals and Energy for more than 15 years. He is very involved in the local community and amongst other interests has been a councillor on the Bridgetown-Greenbushes Shire for over 18 years.

Tresslyn Smith, Board Member

Local Government representative,
2-year term expiring 1 November 2021

Tresslyn Smith is a Councillor at the City of Bunbury. Raised on a farm in Harvey, Tresslyn has a background in consumer affairs including as an industrial relations and consumer affairs investigator. She plays an active role in the community, including as the director at Aqwest, chairperson of the Bunbury/Harvey Regional Council Waste Management Facility, member of the Bunbury Port Community Liaison Committee, and member of the West Australian Country Health Service Ethics Committee.

Catrin Allsop, Board Member

Community representative,
3-year term expiring 31 December 2022

Catrin Allsop is chief executive officer at Australia's South West, the peak regional tourism organisation for the South West of Western Australia. Catrin steers the organisation's direction, develops strategies and represents the region at trade and industry events. Working closely with the Chair of ASW, Catrin ensures that industry leaders and stakeholders stay involved with key upcoming ASW activities and projects.





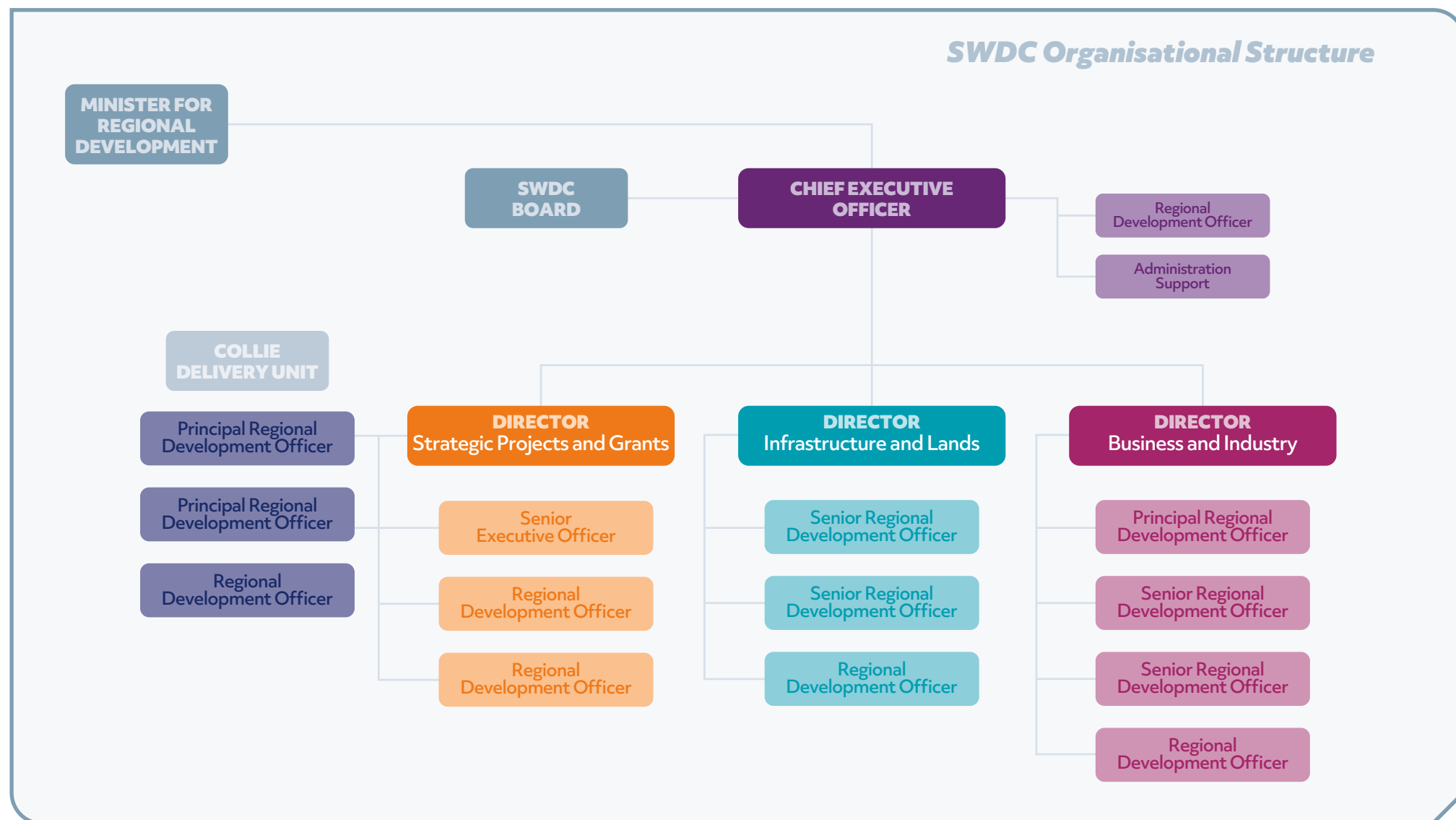
ABOUT US

Organisational Structure



OVERVIEW | **ABOUT** | FUNDING | PERFORMANCE | FINANCIALS

About SWDC | Board | **Organisation Structure** | Executive | Workplace Summary





Our executive team provides the leadership necessary for the Commission to deliver strategic outcomes for the region. The team meets regularly for the purpose of strategic planning, coordinating decision-making, and formulating advice to the board.

Executive as of 30 June 2020

Mellisa Teede

Chief Executive Officer

As the CEO of the South West Development Commission, Mellisa leads the State Government's job-creating agenda in the South West, driving regional diversification and local content outcomes. Mellisa has more than 20 years of experience in the public sector, including in senior leadership roles in education and training. She brings significant regional development experience to the role, having previously held the CEO role at the Peel Development Commission from 2012 to 2015.

Ashley Clements

Director – Infrastructure and lands

Ashley Clements has more than 20 years' of experience in regional development at State, Federal, local government and the not-for-profit sector level. Through his role at the Commission, Ashley plays an important role in the strategic delivery of infrastructure for the region. He oversees the Transforming Bunbury's Waterfront project, coordinating multiple agencies to deliver projects such as the Jetty Road causeway upgrade. He is involved in many other critical infrastructure projects in the South West including coordinating the Greenbushes Lithium Supply Chain Study.

Cate Brooks

Director – Strategic Projects and Grants

Cate brings to her role a background in strategy and policy development, project management, evaluation and analysis. Before joining the Commission, Cate worked in the UK private sector prior to emigrating to Australia in 2009, when she joined the former Department of Regional Development in a senior project officer position working in project management and evaluation. Cate oversees the portfolio of work at the Commission relating to major economically significant projects, and supporting community needs via grants programs including the Collier Futures Fund.

Kirstyn Thomson

Director – Business and Industry

Kirstyn is a former British diplomat and management consultant who has worked internationally for the public and private sector on investment, economic development, infrastructure finance, urban development and corporate real estate. In Europe she advised multinationals on corporate location and institutional investors on large urban regeneration and real estate schemes. She has also helped government agencies in Europe, Asia, USA and the Middle East with their economic development and investment strategies. She is delighted to be working in the South West where her focus is on opportunities to internationalise and grow the local economy.

This year has seen a fresh injection of leadership. Mellisa Teede stepped into the role of Chief Executive Officer and Kirstyn Thomson took up the position of Director – Business and Industry.

L-R: Kirstyn Thomson, Ashley Clements, Cate Brooks and Mellisa Teede.





ABOUT US

Workplace Summary



OVERVIEW | **ABOUT** | FUNDING | PERFORMANCE | FINANCIALS

About SWDC | Board | Organisation Structure | Executive | [Workplace Summary](#)

Working at the Commission is more than just a job. It's an opportunity to be involved in the development of our wonderful region. Our team care passionately about the region they serve, and come to work every day with the aim of improving the region for current and future residents.

Our team has continued to serve the South West through a period of unprecedented challenge. They continue to play a crucial role in assisting with recovery from the economic impacts of COVID-19. At the same time, they are working on the delivery of strategic priorities for the purpose of delivering outcomes that positively impact on the South West region. They worked from home during the COVID-19 shutdown in WA, regularly communicating by videoconference.

Our people are fuelled by their passion for the South West. They are the people on the ground, brokering partnerships, leveraging networks and being the catalysts for change – all for the good of the region. A typical day's work for staff may comprise – but isn't limited to – project development, export assistance, business and investment development, local content facilitation, interagency facilitation, and grant coordination.

Importantly, our team reflects the community we serve, with staff members choosing to reside throughout the South West. Bunbury, Busselton, Bridgetown, Collie, Eaton, Margaret River and Yallingup are among the places our team members call home.



Supporting the new Margaret River HEART.



Disclosures

Exemption to disclose key performance indicator

The Department of Treasury, in consultation with the Public Sector Commission and the Office of the Auditor General, agreed to streamline the preparation of agency annual reports for 2019/20. This decision was made to assist in managing the ongoing pressures on agency workloads as a result of COVID-19.

Agencies were able to seek a temporary exemption to TI 904: Key Performance Indicators in relation to specific KPIs that were difficult to report as a result of COVID-19 restrictions.

We received approval from the Department of Treasury to not report the key effectiveness indicators in the 2019-20 annual report.

Not required

Agencies were also not required to include in the annual report an Overview, Significant Issues Impacting the Agency, other Financial Disclosures (in addition to the financial statements) and Governance Disclosures. Government Policy Requirements were also made optional or deferred.

Financials

A copy of our detailed financial statements are located on page 37. The Auditor General's opinion is also disclosed.



We supported new mountain bike trail maps for the Collie area.

GRANTS & FUNDING



Promoting the Regional Economic Development (RED) Grants to the local community.

Funding and Grants

The Commission plays an important role in the allocation, distribution and governance of public funds. We also provide general support for projects that we provide funding towards. In 2019/20 we once again helped to strengthen the region by backing projects through the:

Regional Economic Development Grants and **Collie Futures Fund**

New grants that were distributed through non-contestable means are also catalogued in this section.



In focus...

Busselton Foreshore development



For more than a decade, we have supported the transformation of the Busselton Foreshore into a thriving destination. Recent funding contributions have opened up opportunities for new private investment along the popular coastal strip.

It has been fantastic to play an ongoing role in the transformation of the Busselton Foreshore. Back in 2018/19, we provided funding towards essential site and service works to make the foreshore more attractive to investors. The infrastructure we provided funding towards is supporting planned future tourism and commercial development, which will generate ongoing economic returns. The job-creating Shelter Brewing Co brewery is being constructed on the foreshore and is expected to open its doors in late October 2020. A Regional Economic Development (RED) grant provided to Shelter Brewing Co will support the purchase of a brewing system and canning production line to enable the sale of packaged beer from the venue for national and international markets.

Regional Economic Development (RED) Grants – Round 2

The State Government's Regional Economic Development Grants invests in projects that stimulate economic growth and development in regional Western Australia.

Through Round 2 of the program, funding was made available for individual projects that promote sustainable jobs, partnerships, productivity, skills and capability, as well as stimulate new investment in industry diversification.

In January 2020, it was announced that five projects across the South West had been successful in securing a share in \$571,826 through Round 2 of the RED grants program

Round 3 of the program was open during 2019/20. Successful applicants are expected to be announced next financial year.



Recipient	Project	Grant
Geographe Bay Brewing Company	Shelter Brewing Company	\$250,000
Hopbroker	Brugan Brewing	\$150,000
Southern Forests Blackwood Valley Tourism Association	Southern Forests Blackwood Valley Tourism Industry Development Project	\$74,945
Vasse Valley	Upscaling Value-Added Hemp Food Production	\$50,000
Shire of Nannup	Nannup Trails Town Infrastructure	\$46,881



GRANTS & FUNDING

Collie Futures Fund



OVERVIEW | ABOUT | **FUNDING** | PERFORMANCE | FINANCIALS

RED Grants | [Collie Futures Fund](#) | Other | Case Study: End to End | Case Study: TraaVerse

Through the Collie Futures Fund, the State Government is making available \$20 million over five years to drive economic diversification and create jobs in the Collie region.

Funding is distributed through two programs:

- \$18 million Collie Futures Industry Development Fund; and
- \$2 million Collie Futures Small Grants Program

The South West Development Commission administers the Collie Futures Small Grants Program. For the Collie Futures Industry Development Fund, we undertake the assessment and due diligence. The grant then moves to The Department of Jobs, Tourism, Science and Innovation (JTSI) for administration and implementation.

A total of six applicants were allocated funding through the Collie Futures Small Grants Program this financial year.

Note: The Commission was also involved with funding for the WesTrac Technology Training Centre through the Collie Futures Industry Development Fund.



The diverse southern approach to Collie – including Donnybrook and Collie via the Preston River Valley – will be the focus of the Connecting to Collie-Preston project, which will be aimed at attracting WA tourists in the face of travel restrictions.

Recipient	Project	Grant
Harris River Estate	Harris River Estate Winery Expansion and Tourism Hub (Feasibility Study and Business case)	\$40,000
Traaverse	TraaVerse Tours. Travel. Adventure. Sightseeing tour agency	\$85,500
WA Hemp Growers' Co-op	Business Development Plan	\$35,000
RI & LA Riley	Collie River Trail Stay	\$45,400
The Humble Horse	Outback Horse Trails	\$20,780
Donnybrook Regional Tourism Association	Connecting to Collie-Preston	\$50,000



In addition to the Regional Economic Development Grants and Collie Futures Fund, the Commission administers grants not attached to a contestable grants program.

Recipient	Project	Grant
City of Bunbury	Des Ugle Park (Withers) Public Toilet Facilities	\$250,000
Investing In Our Youth (IIOY)	End to End Licensing Project (Withers)	\$830,750
Edith Cowan University	SW Graduate Prize for Education Degree 2019, 2020, 2021	\$1,500
Edith Cowan University	SW Graduate Prize for Social Work Degree 2019, 2020, 2021	\$1500
Australia's South West	Bunbury Tourism Action Plan Implementation	\$30,000
EB Events	Emergence Creative Festival Program and Emergence Creative Projects	\$15,000
Pemberton Chamber of Commerce and Industry	COVID-19 Support	\$5,000
Business Initiative Group (BIG) Nannup	COVID-19 Support	\$5,000
Bridgetown Greenbushes Business and Tourism Association	COVID-19 Support	\$5,000
Manjimup Chamber of Commerce and Industry	COVID-19 Support	\$5,000
Donnybrook Chamber of Commerce and Industry	COVID-19 Support	\$5,000
Bunbury Geographe Chamber of Commerce and Industry	COVID-19 Support	\$5,000
Busselton Chamber of Commerce and Industry	COVID-19 Support	\$5,000
Capel Chamber of Commerce	COVID-19 Support	\$5,000
Collie Chamber of Commerce and Industry	COVID-19 Support	\$5,000
Dunsborough Yallingup Chamber of Commerce and Industry	COVID-19 Support	\$5,000
Margaret River Chamber of Commerce and Industry	COVID-19 Support	\$5,000

Recipient	Project	Grant
Augusta Chamber of Commerce and Industry	COVID-19 Support	\$5,000
Bunbury Geographe Economic Alliance	COVID-19 Support	\$5,000
Geographe French Australian Festivals	CinefestOZ COVID-19 Recovery Support	\$10,000
Margaret River Wine Association	International Wine Tourism Project	\$25,000
City of Busselton	Busselton Economic Arts Cultural Hub (BEACH) Business Case Development	\$10,000
Shire of Bridgetown Greenbushes	Bridgetown Greenbushes Projects Business Case Development	\$40,000
Shire of Harvey	Brunswick River Cottages Stage 3 Business Case Development	\$20,000
Shire of Nannup	Cycle Trail Network Business Case Development	\$30,000
Shire of Donnybrook Balingup	Donnybrook Balingup Projects Business Case Development	\$20,000
Shire of Dardanup	Gas to Dardanup and Burekup Business Case Development	\$20,000
City of Bunbury	Hands Oval Development Business Case Development	\$10,000
Shire of Manjimup	Manjimup Trailbike Hub Business Case Development	\$20,000
Shire of Augusta Margaret River	Additional Main Street Lighting	\$40,000
City of Bunbury	Bunbury Electric Transit System Feasibility Study	\$15,000
Bunbury Harvey Regional Council	Materials Recovery Facility Business Case Development	\$50,000
Shire of Boyup Brook	Boyup Brook Visitor Tower Business Case Development	\$10,000
Margaret River Busselton Tourism Association	2020 Eco Tourism Conference	\$5,000



GRANTS & FUNDING

Case Study: End to End Licensing Project



OVERVIEW | ABOUT | **FUNDING** | PERFORMANCE | FINANCIALS

RED Grants | Collie Futures Fund | Other | [Case Study: End to End](#) | [Case Study: TraaVerse](#)



For many regional employers, driving is an essential skill they need from employees. But getting a driver's licence can be challenging for young people from disadvantaged backgrounds who want to enter the workforce.

In Bunbury, a unique driving training program is providing young people with support to get their driver's licence. This is going a long way to getting the next generation of workers job-ready.

The End to End Young Driver Training program was launched in the reporting period and reached a milestone when it celebrated its first participant to earn their learner's permit.

The program supports Bunbury residents aged 16 to 25 years to achieve employment by removing barriers to getting a driver's licence.

Free mentorship and supervised driving practice is provided to participants who are referred to the program via partner agencies. The program not only equips participants with the skills needed by employers, but also helps to give them independence and the means to participate in more life activities.

The End to End Young Driver Training program, which incorporates the RYDE program, is supported by the State Government through the Department of Justice and South West Development Commission, and delivered by local community organisation Investing In Our Youth.

The End-to-End Licensing Project is getting young Bunbury residents job-ready.





The State Government is preparing Collie to become a premier adventure tourism town. This has unlocked opportunities for the private sector to capitalise on the State Government's investment in the town, which includes the \$10 million Collie Adventure Trails initiative.

Funding through the Collie Futures Small Grants Program supported the establishment of TraaVerse, a new tour agency expanding the offering of nature-based tourism in the Collie River Valley.

TraaVerse caters to both thrill-seekers and explorers by providing ease of access to Collie's tracks, trails and water bodies.

Services include track and trail transfers for mountain bikers and bushwalkers, and equipment hire to enable families to dive into a range of activities such as recreational activities stand-up paddle boarding and kayaking.

A shuttle bus service transports visitors to and from trails such as the Bibbulmun and Munda Biddi tracks.



TraaVerse has widened Collie's tourism offerings.



AGENCY PERFORMANCE & HIGHLIGHTS





The WesTrac Technology Training Centre in Collie was nearing completion.



Attracting and retaining population involves building a region where people choose to live because of the job opportunities and liveability afforded. This means building on the region's strengths to create diverse economies and communities where residents, business and industry can prosper.

Collie Futures

In the face of a major transformation taking place in the energy sector, the State Government has worked hard to secure long-term prosperity for the coal mining and power generation town of Collie. Now, we are seeing efforts to diversify the local economy pay off. Through a whole-of-government approach that we played a critical role in, pieces of Collie's bright new future have begun to fall into place. New economic frontiers are emerging as Collie transitions to a more sustainable economy with a more even spread of employment across a range of industries and a reduced reliance on any one sector.

Through the \$20 million Collie Futures Fund, we have unlocked new job opportunities by incentivising business and industry to take advantage of Collie's competitive advantages. Among the operations establishing in the town with support through the Fund is the WesTrac Technology Training Centre. The first of its kind in the Southern Hemisphere, the centre is expected to put Collie on the map in training technicians and operators of autonomous equipment and vehicles. It will not only provide future job opportunities for people in the South West and across the State, but as the only facility for Caterpillar equipment training in the Southern Hemisphere, it will attract trainees

from across the country and globally when COVID-19 imposed borders reopen. The facility will complement Collie's rich history as an industrial hub by providing a service that will benefit operations around Australia and the globe. Collie has also been identified as the preferred location for a potential hemp processing plant to service 37 growers. Additionally, an Australian-US joint venture for a facility that uses high-temperature technology to produce renewable diesel fuel from biomass has also selected Collie as its preferred location.

The potential of Collie's tourism industry has been unlocked. It is expected Collie will become the next must-visit destination once a suite of new attractions are complete. Next financial year, visitors will be able to enjoy \$10 million in new trails that will further position Collie as Western Australia's premier trail adventure town. They will also be able to boat, water ski and camp at Lake Kepwari, a former coal mine that been transformed into a lake. And as the centrepiece of the Collie Mural Trail, a mural on Wellington Dam will be another drawcard.

With Collie gearing up to become a premier adventure tourism town, grants were provided to a range of initiatives



AGENCY PERFORMANCE & HIGHLIGHTS

Strategic Projects and Grants



OVERVIEW | ABOUT | FUNDING | PERFORMANCE | FINANCIALS

Strategic Projects and Grants | Infrastructure and Lands | Business and Industry

that will support the growth of the local tourism industry. These included support for new tourist cabins for Collie River Trail Stay, a new horse-riding tour and lessons business, a new tour agency, and a feasibility study for a winery expansion. Funding will also support the Collie Community Bank Collie to Donnybrook and Return Cycling Classic over two years to grow Collie as a premier cycling destination. Historic Throssell Street will be redeveloped next financial year, setting the scene for private investment in shopfronts, which is anticipated to further increase Collie's appeal to tourists. A variety of work underpinned by an economic development plan for Collie and Bunbury is taking place to support the future prosperity.



Advanced manufacturing hub

In the South West, manufacturing is a key economic contributor with significant scope for advancement. To unlock the industry's potential locally and lay the groundwork for future job creation, we aim to establish an advanced manufacturing hub in Bunbury Geographe. The time is right, with COVID-19 upending supply chains and throwing the spotlight on the importance of local manufacturing including the potential to bring more work back to Western Australia.

Building the case for an advanced manufacturing and education hub for Bunbury Geographe was a major area of concentration for us this year. To get this game-changing project off the ground, we led discussions with local stakeholders representing industry and government as we strived to secure funding for a feasibility study into the viability of the proposed facility. A common user facility arrangement would harness innovation to drive the region's competitive advantage in an increasingly globalised environment, affording businesses the edge when competing for overseas work. It would do so by providing local access to infrastructure, technology, training, education and research that would assist in developing new supply chains and capitalise on global markets. Such a facility would be a catalyst for creating highly-skilled trade and technical jobs, including for apprentices.

There has been a groundswell of local support for the project. Industry and local government organisations have committed to contributing funding towards the study once it is green-lighted, as well as participating on a steering committee.



Margaret River HEART

The South West is the most visited region in Western Australia, with a kaleidoscope of experiences on offer. By having the right infrastructure in place, we can capitalise on the region's appeal. This includes further positioning the region as a destination for business tourism through facilities such as the Margaret River HEART.

Margaret River cemented its reputation as the heart of the South West's arts scene, with the official opening of a new \$9.74 million multi-purpose centre. Supported with a \$5 million investment from the State Government, the new Margaret River HEART brings together entertainment, arts and business events in one world-class venue. Through a staged redevelopment, the former cultural centre and associated squash courts have been

transformed into a modern hub. Facilities include a main theatre, studio theatre, exhibition spaces, cinema screen, and an outdoor grassed area and sound shell. The inaugural Strings Attached: The West Australian Guitar Festival was held at the venue in the same month the HEART officially opened. The facility also adds to the social fabric of the town by giving locals a chance to pursue their interests in culture, arts and entertainment for many years to come. During the reporting year, the Margaret River Theatre Company staged the sell-out pantomime *Beauty and the Beast*.



Manjimup town centre

The regional centre of Manjimup has undergone a transformation from a timber town to a food bowl and culinary tourism destination. Now, its town centre has also been revitalised. The improvement to amenity and overall appeal of the town centre, combined with the opening of new attractions, is expected to further drive growth through new investment into the town and surrounding Southern Forests precinct.

The \$32.9 million Manjimup town centre revitalisation was completed this financial year. One of the final pieces of the redevelopment is the new Brockman Street Food and Beverage Precinct, a multi-purpose space which supports the Southern Forests region's reputation as a food bowl. Also opening in the reporting year was the new Power Up Electricity Museum in the revitalised Manjimup Heritage Park. The museum incorporates items from the former World of Energy collection that was gifted to us by Western Power in 2009/10, and which we in turn handed over to the Shire of Manjimup.

Aged care accommodation

The South West is home to a higher percentage of over-55s than the West Australian average. To meet the aged accommodation needs of the region, we are supporting new developments that will ensure residents can continue living in the communities they call home as they age. With assistance from the State Government's Regional Aged Accommodation Program, aged accommodation projects in Brunswick Junction, Donnybrook and Dunsborough are being made possible.



Two of the projects we are supporting for the purpose of addressing gaps in aged accommodation reached milestones in the reporting year. Eight new units at Brunswick River Cottages were constructed and leased, with a waiting list established. Capecare Dunsborough, which will incorporate an 80-bed residential care facility and 21 independent living apartments, was on track to reach the half-way point in July 2020. Both projects have supported the State Government's commitment to local content with construction of Brunswick River Cottages led by Civilcon Construction and the Capecare Dunsborough project by Perkins Builders.



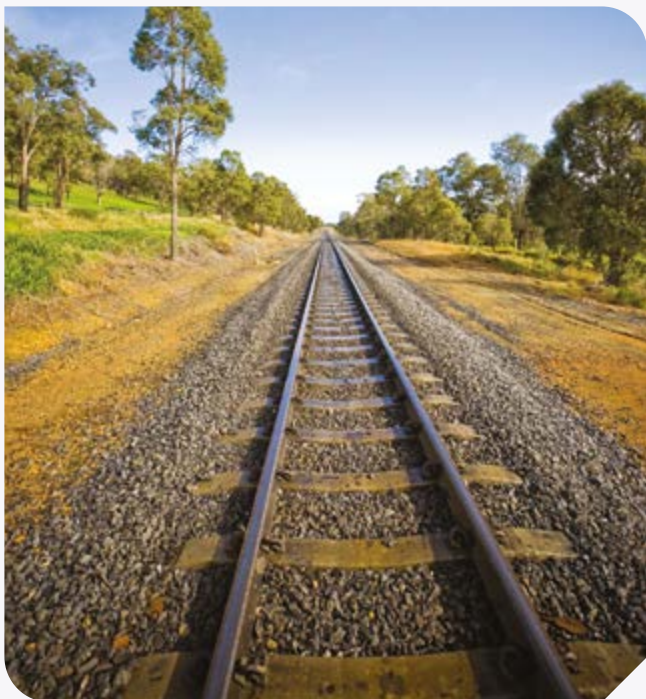
AGENCY PERFORMANCE & HIGHLIGHTS

Infrastructure and Lands



OVERVIEW | ABOUT | FUNDING | **PERFORMANCE** | FINANCIALS

Strategic Projects and Grants | Infrastructure and Lands | Business and Industry



Lithium rail study

The South West town of Greenbushes is home to the world's largest known and highest-grade lithium mineral deposit. This places the region in the box seat to capitalise on the lithium industry. In light of this, we began investigating how we can support a first-class supply chain to allow the South West lithium industry to grow alongside community expectations that amenity is maintained.

This year, we collaborated with industry and relevant State Government agencies to investigate the viability of rail as an alternative to road for transporting lithium mineral

concentrate from the Greenbushes mine. A pre-feasibility study was carried out as part of a process to examine the possibility of a rail-based supply chain solution to support the South West lithium industry. The preliminary work we coordinated determined that rail was a viable option for shifting lithium concentrate.

Lithium mineral concentrate is currently transported from the Greenbushes mine by road, and it is anticipated increased volumes will flow to the Port of Bunbury and downstream processing plants at Kemerton and Kwinana in the future. In the South West, Albemarle Corporation is in the process of constructing a lithium hydroxide plant at the Kemerton Strategic Industrial Area. The commissioning of the Kemerton site is expected to start in stages during the course of 2021, and by the end of 2021 the plant will be producing battery grade lithium hydroxide. This will enable Western Australia to further participate in higher value-add activities in the lithium battery chain.

The proposed South West rail-based supply chain would involve new loading facilities at Greenbushes, the reactivation of the rail line between Picton and Greenbushes, and new multi-user unloading facilities at the Kwinana Bulk Terminal and the Port of Bunbury. The study is expected to be revisited when the time is appropriate.

The proposed South West rail-based supply chain would involve new loading facilities at Greenbushes, the reactivation of the rail line between Picton and Greenbushes, and new multi-user unloading facilities at the Kwinana Bulk Terminal and the Port of Bunbury. The study is expected to be revisited when the time is appropriate.

Halifax Business Park upgrades

The right environment is crucial for businesses to thrive. That is why we have invested \$3 million to unlock growth constraints at Bunbury's biggest business park. By ensuring the necessary supporting infrastructure is in place, we aim to create a business environment more conducive to growth and investment attraction. And we know that growth in business means more local jobs.

The Halifax Business Park infrastructure enhancement project reached a major milestone with the delivery of a closed-circuit television system that has improved safety and security for local businesses. The installation of 22 cameras at both Halifax and neighbouring Davenport has provided businesses with 24-hour surveillance and equipped police with a valuable investigative tool. Businesses are now watched over 24-hours a day, with footage from the cameras beamed to the data centre at the Bunbury Library and then to the Bunbury Police Station. A total of 18 additional LED floodlights were also switched on to enhance general lighting conditions in the area and act as a deterrent to criminal activity.

The wider project aims to improve safety, access and infrastructure. Future components include installing a slip lane and providing sewerage to an area that does not currently have it. We are pleased with the work carried out so far, having worked with local businesses and



organisations to build the case for the project and continuing to coordinate the Halifax Working Group comprising representatives from local business and industry.

Transforming Bunbury's Waterfront

Underused areas of prime waterfront land are transforming into thriving destinations. Overseen by the South West Development Commission and delivered by multiple agencies, the Transforming Bunbury's Waterfront project has breathed new life into Koombana Bay through the foreshore revitalisation and Dolphin Discovery Centre redevelopment. Now, the next stage is taking shape.

Our coordination of the Transforming Bunbury's Waterfront project saw the Department of Transport carry out the second and final phase of the \$12.3 million Jetty



Road causeway redevelopment at Casuarina Boat Harbour. The works undertaken this financial year built on phase one of the upgrade which saw the thousands of tonnes of rock placed at the causeway to improve protection during extreme weather events. By late 2020, it is expected the causeway upgrade will be complete. The enhancements will result in 164 parking bays, shared paths and landscaping, a multi-purpose building incorporating public toilets and enhanced utility services.

While progression on the final phase of the Casuarina Drive causeway upgrade was a significant area of concentration this year, what really stood out was the job-creating capacity of the Transforming Bunbury's Waterfront project. The project's outstanding track record of generating local

work opportunities for local businesses and residents has continued this year. In the 12 months since the redeveloped Dolphin Discovery Centre reopened and prior to the COVID-19 shutdown that affected the tourism sector, the attraction proved a major new employer in the tourism industry.

To keep work flowing to local businesses where possible, a South West business register was established ahead of the release of the Casuarina Drive development tender to allow local businesses to register their interest in working on the multi-million-dollar project. The register of South West businesses will be provided to prospective lead contractors to fast-track the engagement of local workers and material suppliers.



Mangrove Cove development

Working with the community to turn underused spaces into thriving places has been a focus.

As part of its portfolio of work in facilitating the delivery of critical infrastructure projects, the Bunbury Development Committee undertook community consultation relating to planning for an undeveloped grassed area at Mangrove Cove. This provided locals with an opportunity to work with the BDC to further turn the space into a thriving place locals and visitors can enjoy. The group is ensuring cross-government and stakeholder coordination is delivered efficiently to create better community outcomes on four transformational projects. In terms of design principles relating to projects, it champions access, heritage and indigenous interpretation, and lighting and technology.

Busselton Margaret River Airport

This has been an extraordinary period that has highlighted how much can change in a relatively short time and how the best laid plans can go awry. We had planned to report on the historic first air service between Busselton and the Eastern States, and the game-changing nature of this. However, COVID-19 proved a bigger game-changer.

Jetstar being secured to provide an air service that directly linked the East Coast of Australia with the South West of Western Australia was a major win for the entire South West region. And having worked with stakeholders to build the case for the development, the Jetstar announcement in October 2019 was the realisation of years of work. However, COVID-19 set back the opening of this new gateway. If Jetstar had been able to commence flying between Busselton and the Eastern States as planned, the service would have run three times a week. This would have provided a regular transport service that would have boosted the local tourism industry and unlocked new opportunities in investment and job opportunities. Jetstar has indicated its willingness to commence services when WA reopens the State border.



Margaret River Main Street Makeover

Margaret River is world renowned as a tourist destination. The town's main street is getting a makeover that will assist in further elevating Margaret River's reputation as a tourist destination, while improving safety and amenity for locals.

In February 2019, the Margaret River Perimeter Road was completed with the intention of reducing heavy vehicle movements along Bussell Highway through the Margaret River town centre. The completion of the new road meant that efforts to activate the town's main street could begin.

In February 2020, the Shire of Augusta-Margaret River commenced works on the project, which we have supported with funding. The Margaret River Main Street Makeover includes a range of improvements designed to create an even more enjoyable place to shop, eat, drink and celebrate. During the financial year, stage one works were completed. Improvements included the delivery of two new roundabouts to enhance safety at two intersections. Stage two works incorporating the construction of a new festival precinct were underway.



We work locally and globally to leverage the region's qualities to build industry, business and investment in order to support jobs and secure regional prosperity.



Facilitating trade and investment

SWDC is part of Austrade's TradeStart network, directly helping small and medium sized exporters achieve long-term success in international markets. Our team is on the ground, providing a valuable local connection to global opportunities for businesses in the southern part of Western Australia.

In 2019, SWDC helped exporters in the South West, Great Southern and Goldfields-Esperance go offshore. Through outbound missions, we took 53 businesses to Singapore and Malaysia, facilitating introductions to 260 importers and distributors. Through Austrade and WA's Overseas offices, we facilitated 700 connections between local businesses and international buyers. We also helped exporters with European markets, bringing 21 trade and media delegates and 16 European trade commissioners to understand the export and investment opportunities in the South West.

COVID-19 has challenged our regular approach to trade and investment. However, we have partnered with Department of Foreign Affairs and Trade, Austrade and WA's Department of Primary Industries and Regional Development to assist regional exporters and freight forwarders access special flights to get high value meat and horticultural produce out to export markets. With DPIRD and Wines of Western Australia, we have also harnessed the power of digital technology, hosting virtual export events for wine producers.

We continue to support start-ups across the region in partnership with the South West Angels and business incubators and co-working spaces. We also promote DPIRD's Investor Readiness Program and other funding opportunities which helps South West agriculture and food businesses become investor ready in order to attract capital, which will in turn, supports economic growth and regional job creation.



TradeStart - Case studies



Leveraging the region's appeal as a culinary tourism destination

With celebrity chefs at the 2019 Western Australian Gourmet Escape showcasing the state as a world-class culinary destination, there was no better time to sell WA as a food and wine region. The South West and Great Southern development commissions were able to tap into the opportunities presented by the spotlight shining on WA's premium produce by teaming up with industry organisations to host an international trade delegation. Visiting importers and distributors, as well as media and tourism representatives from Singapore and Malaysia, sampled what the state has to offer as a premium food and wine producing region.



Translating virtual tastings to real life sales

Virtual tastings provided a valuable tool for local wineries wanting to reach out to potential customers in overseas markets amid border closures and travel restrictions brought about by the global COVID-19 pandemic. Woodlands Wines was a local business we linked to a virtual event targeting the Japanese market. Attended by trade representatives in Japan, the virtual tasting connected the Margaret River winery with importers and sommeliers. It was a success for Woodlands Wines, which received a large order for its chardonnay on the back of participating in the virtual event.

Local content

The South West is home to capable businesses employing skilled workers. Through the State Government's Local Content Adviser Network – part of the State's commitment to prosperous regions – we are ensuring these local businesses are having the opportunity to obtain a fair share of State Government tenders and contracts.

We are ensuring our commitment to local content continues by preparing businesses to make the most of upcoming opportunities. A major focus has been working behind the scenes to ensure local businesses are positioned to secure work on the \$852 million Bunbury Outer Ring Road project, which is the biggest transport infrastructure project ever undertaken in the region. The work on Local Content on this project will lead the way for other regions.

Other focal points have been working with local Government's in the region, and working alongside key Government agencies to help them understand the dynamics of doing business in the region, and its potentialities and capacity challenges.



Join the Dots pilot program

We aim to strengthen the economy and generate new jobs in numerous ways including through local content, trade and investment platforms. In the reporting year, we diversified our approach by piloting a program that aims to develop the entrepreneurial mindset of local businesses.

Through the Join the Dots pilot program, 16 local businesses participants – representing industries as diverse as retail, engineering services and tourism – embarked on a 12 month journey that aims to build their capability and competitiveness. Developed by

the Department of Primary Industries and Regional Development and South West Development Commission, the pilot program is designed to equip participants with the relevant skills to grow their enterprises. It is about supporting local businesses so they are better positioned to tap into opportunities, including applying for State Government contracts and grants. We look forward to hearing the success stories that will no doubt come out of this program.

The program complements the State Government's Local Content Adviser Network, which is geared at maximising local supplier, contractor and job opportunities in the regions.

Tourism

The South West is the most visited region in Western Australia outside the Perth metro area. COVID-19 forced the temporary shutdown of this significant employer in the South West during the height of restrictions and forced campaigns to refocus on the intrastate market. Despite the local industry being hard hit, we know the work we undertook prior to the pandemic will boost the appeal of local tourism offerings and help the industry to get back on its feet. New and refreshed experiences are emerging as a result of our investment in tourism and these will attract intrastate tourists now – and visitors from further afield when the time is right.

West Australians being inspired to “wander out yonder” as part of a State Government campaign will be able to enjoy a new interpretive centre at Cape Leeuwin Lighthouse and be guided by a new pocket map when navigating Collie's new mountain bike trails. Projects allocated funding through the Regional Economic Development (RED) grants prior to COVID-19 will aid recovery efforts through a new-look Busselton Underwater Observatory and a marketing campaign promoting The South West Edge self-drive route as an epic road trip to rival iconic drives such as Route 66 and the Great Ocean Road. A new entry statement sign for Bunbury to be installed early next financial year will prompt people to visit Bunbury and rediscover the city's attractions including the recently redeveloped and expanded Dolphin Discovery Centre. The completion of the Margaret River Main Street project will result in a town centre, incorporating a festival precinct, that will complement the town's reputation as a world-class destination.



AGENCY PERFORMANCE & HIGHLIGHTS

Business and Industry



OVERVIEW | ABOUT | FUNDING | **PERFORMANCE** | FINANCIALS

Strategic Projects and Grants | Infrastructure and Lands | Business and Industry

Prior to COVID-19, the South West endeavoured to increase visitation to the region through creating new events for the West Australian events calendar. For example, we were part of the team that produced the inaugural Strings Attached: The West Australian Guitar Festival, held in Margaret River in October 2019.

Innovation and investment

To support economic development through growth in business and jobs, we continued to facilitate investment into the region. This involved wide-ranging activities including supporting start-ups seeking capital investment as well as supporting the growth of emerging industry sectors.

To support economic development through growth in business and jobs, we continued to facilitate investment into the region. This involved our continued support of the South West Angels, a not-for-profit organisation actively engaged with connecting investors to emerging businesses. Since its launch in March 2019, the group has held another three pitch nights including two in the reporting year. Other projects we have supported include working with Regional Development Australia – South West on an Invest South West initiative and coordinating visits by international hotel investment, tourism and trade groups seeking new hotel sites. Notable was our efforts to support the growth of the South West as a filming location, with both the locally-filmed feature film *The Naked Wanderer* and *GO!* screening at the CinefestOZ film festival.



Unlocking industry growth potential

Our investment in local industry is helping to unlock growth opportunities. Regional Economic Development (RED) grants have supported new ventures to open in the reporting year, including The Colony Concept agritourism venue in Metricup and Ocean Grown Abalone's new storage and processing facility in Augusta.

A purpose-built storage and processing facility opened at Augusta Boat Harbour that will allow the world's first commercial greenlip abalone sea ranching business to meet growing international demand for the ocean-grown delicacy. Ocean Grown Abalone's (OGA) new building, which is built to export standards, is unlocking growth opportunities for the business by allowing it to process greater amounts of its locally-harvested product. The old processing facility experienced bottlenecks, restricting the volumes divers could bring back. Streamlining processes and the utilisation of new technology supports additional value-added lines for retail and food services in both Australia and export markets being introduced. In particular, the ability to deliver abalone straight from the ocean to live tanks onsite unlocks opportunities for OGA to increase live abalone for the export market.





Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

SOUTH WEST DEVELOPMENT COMMISSION

Report on the financial statements

Opinion

I have audited the financial statements of the South West Development Commission which comprise the Statement of Financial Position as at 30 June 2020, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Summary of Consolidated Account Appropriations for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the South West Development Commission for the year ended 30 June 2020 and the financial position at the end of that period. They are in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions.

Basis for opinion

I conducted my audit in accordance with the Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of my report. I am independent of the Commission in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial statements. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibility of the Board for the financial statements

The Board is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Western Australian Government has made policy or funding decisions affecting the continued existence of the Commission.

Auditor's responsibility for the audit of the financial statements

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial statements. The objectives of my audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A further description of my responsibilities for the audit of the financial statements is located on the Auditing and Assurance Standards Board website at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of my auditor's report.

Report on controls

Opinion

I have undertaken a reasonable assurance engagement on the design and implementation of controls exercised by the South West Development Commission. The controls exercised by the Commission are those policies and procedures established by the Board to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions (the overall control objectives).

My opinion has been formed on the basis of the matters outlined in this report.

In my opinion, in all material respects, the controls exercised by the South West Development Commission are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities have been in accordance with legislative provisions during the year ended 30 June 2020.

The Board's responsibilities

The Board is responsible for designing, implementing and maintaining controls to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities are in accordance with the *Financial Management Act 2006*, the Treasurer's Instructions and other relevant written law.

Auditor General's responsibilities

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the suitability of the design of the controls to achieve the overall control objectives and the implementation of the controls as designed. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3150 *Assurance Engagements on Controls* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements and plan and perform my procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the overall control objectives and were implemented as designed.

An assurance engagement to report on the design and implementation of controls involves performing procedures to obtain evidence about the suitability of the design of controls to achieve the overall control objectives and the implementation of those controls. The procedures selected depend on my judgement, including the assessment of the risks that controls are not suitably designed or implemented as designed. My procedures included testing the implementation of those controls that I consider necessary to achieve the overall control objectives.

I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Limitations of controls

Because of the inherent limitations of any internal control structure, it is possible that, even if the controls are suitably designed and implemented as designed, once the controls are in operation, the overall control objectives may not be achieved so that fraud, error, or non-compliance with laws and regulations may occur and not be detected. Any projection of the outcome of the evaluation of the suitability of the design of controls to future periods is subject to the risk that the controls may become unsuitable because of changes in conditions.

Report on the key performance indicators

Opinion

I have undertaken a reasonable assurance engagement on the key performance indicators of the South West Development Commission for the year ended 30 June 2020. The key performance indicators are the Under Treasurer-approved key effectiveness indicators and key efficiency indicators that provide performance information about achieving outcomes and delivering services.

In my opinion, in all material respects, the key performance indicators of the South West Development Commission are relevant and appropriate to assist users to assess the agency's performance and fairly represent indicated performance for the year ended 30 June 2020.

Matter of Significance

The Commission received an exemption from the Under Treasurer from reporting the following key effectiveness indicator in its annual report for the year ended 30 June 2020:

- Customer satisfaction survey

The exemption was approved due to the difficulty in collecting information from stakeholders because of COVID-19 restrictions. Consequently, this KPI will not be reported. My opinion is not modified in respect of this matter.

The Board's responsibility for the key performance indicators

The Board is responsible for the preparation and fair presentation of the key performance indicators in accordance with the *Financial Management Act 2006* and the Treasurer's Instructions and for such internal control as the Commission determines necessary to enable the preparation of key performance indicators that are free from material misstatement, whether due to fraud or error.

In preparing the key performance indicators, the Board is responsible for identifying key performance indicators that are relevant and appropriate, having regard to their purpose in accordance with Treasurer's Instruction 904 *Key Performance Indicators*.

Auditor General's responsibility

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the key performance indicators. The objectives of my engagement are to obtain reasonable assurance about whether the key performance indicators are relevant and appropriate to assist users to assess the entity's performance and whether the key performance indicators are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements relating to assurance engagements.

An assurance engagement involves performing procedures to obtain evidence about the amounts and disclosures in the key performance indicators. It also involves evaluating the relevance and appropriateness of the key performance indicators against the criteria and guidance in Treasurer's Instruction 904 for measuring the extent of outcome achievement and the efficiency of service delivery. The procedures selected depend on my judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments I obtain an understanding of internal control relevant to the engagement in order to design procedures that are appropriate in the circumstances.

I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

My independence and quality control relating to the reports on controls and key performance indicators

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Matters relating to the electronic publication of the audited financial statements and key performance indicators

This auditor's report relates to the financial statements and key performance indicators of the South West Development Commission for the year ended 30 June 2020 included on the Commission's website. The Commission's management is responsible for the integrity of the Commission's website. This audit does not provide assurance on the integrity of the Commission's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to contact the entity to confirm the information contained in the website version of the financial statements and key performance indicators.



DON CUNNINGHAME
ASSISTANT AUDITOR GENERAL
Delegate of the Auditor General for Western Australia
Perth, Western Australia

4 September 2020

South West Development Commission

Financial Statements

for the period ended 30 June 2020

Disclosures and Legal Compliance

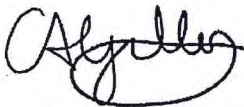
Financial Statements

Certification of Financial Statements

For the reporting period ended 30 June 2020

The accompanying financial statements of the South West Development Commission have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the reporting period ended 30 June 2020 and the financial position as at 30 June 2020.

At the date of signing we are not aware of any circumstances which would render the particulars included in the financial statements misleading or inaccurate.



Carolyn Gibbon
Chief Finance Officer
2 September 2020



Mellisa Teede
Chief Executive Officer
2 September 2020



Nick Belyea
Chairman of the Board
2 September 2020



Statement of Comprehensive Income
For the year ended 30 June 2020

	Notes	2020 \$'000	2019 \$'000
COST OF SERVICES			
Expenses			
Employee benefits expense	2.1(a)	266	258
Supplies and services	2.3	3,379	3,132
Depreciation and amortisation expense	4.1, 4.2, 4.3.1	351	304
Impairment	4.1	-	632
Finance costs	6.2	1	-
Grants and subsidies	2.2	446	205
Other expenses	2.3	2,557	49
Total cost of services		7,000	4,580
Income			
Revenue			
Commonwealth grants and contributions	3.3	83	30
Other revenue	3.2	174	24
Total revenue		257	54
Gains on disposal of non-current assets	3.4	1	-
Total income other than income from State Government		258	54
NET COST OF SERVICES		6,742	4,526
Income from State Government			
Service Appropriation	3.1	229	223
Resources received free of charge	3.1	3,201	2,987
Total income from State Government		3,430	3,210
SURPLUS/(DEFICIT) FOR THE PERIOD		(3,312)	(1,316)
OTHER COMPREHENSIVE INCOME/(LOSS)			
Items not reclassified subsequently to profit or loss			
Changes in asset revaluation reserve	4.1, 8.8	84	(1,010)
Total other comprehensive income/(loss)		84	(1,010)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		(3,228)	(2,326)

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes.



Statement of Financial Position
As at 30 June 2020

	Notes	2020 \$'000	2019 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	6.3	946	704
Restricted cash and cash equivalents	6.3	1,479	4,694
Receivables	5.1	9	16
Other current assets	5.3	6	-
Total Current Assets		2,440	5,414
Non-Current Assets			
Restricted cash and cash equivalents	6.3	11	11
Amounts receivable for services	5.2	1,253	1,253
Infrastructure, property, plant and equipment	4.1	17,889	18,089
Right-of-use assets	4.2	20	-
Intangible assets	4.3	-	-
Total Non-Current Assets		19,173	19,353
TOTAL ASSETS		21,613	24,767
LIABILITIES			
Current Liabilities			
Payables	5.4	114	72
Lease liabilities	6.1	4	-
Employee related provisions	2.1(b)	8	-
Total Current Liabilities		126	72
Non-Current Liabilities			
Lease liabilities	6.1	16	-
Employee related provisions	2.1(b)	5	-
Total Non-Current Liabilities		21	-
TOTAL LIABILITIES		147	72
NET ASSETS		21,466	24,695
EQUITY			
Contributed equity	8.8	23,679	23,679
Reserves	8.8	10,051	9,967
Accumulated surplus/(deficit)	8.8	(12,263)	(8,951)
TOTAL EQUITY		21,466	24,695

The Statement of Financial Position should be read in conjunction with the accompanying notes.



Statement of Changes in Equity
For the year ended 30 June 2020

	Notes	Contributed equity \$'000	Reserves \$'000	Accumulated surplus \$'000	Total equity \$'000
Balance at 1 July 2018		19,992	10,977	(7,635)	23,334
Deficit		-	-	(1,316)	(1,316)
Other comprehensive income	8.8	-	(1,010)	-	(1,010)
Total comprehensive income for the period		-	(1,010)	(1,316)	(2,326)
Transactions with owners in their capacity as owners:					
Capital appropriations	8.8	3,687	-	-	3,687
Total		3,687	-	-	3,687
Balance at 30 June 2019		23,679	9,967	(8,951)	24,695
Balance at 1 July 2019		23,679	9,967	(8,951)	24,695
Deficit		-	-	(3,312)	(3,312)
Other comprehensive income	8.8	-	84	-	84
Total comprehensive income for the period		-	84	(3,312)	(3,228)
Transactions with owners in their capacity as owners:					
Capital appropriations	8.8	-	-	-	-
Total		-	-	-	-
Balance at 30 June 2020		23,679	10,051	(12,263)	21,467

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows
For the year ended 30 June 2020

	Notes	2020 \$'000	2019 \$'000
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		229	223
Capital appropriation		-	3,687
Net cash provided by State Government		229	3,910
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(253)	(244)
Supplies and services		(234)	(116)
Grants and subsidies		(446)	(205)
GST payments on purchases		(53)	(722)
Other payments		(2,464)	(43)
Receipts			
Commonwealth grants and contributions		83	30
GST receipts on sales		24	5
GST receipts from taxation authority		29	750
Other receipts		179	23
Net cash used in operating activities		(3,135)	(521)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments			
Purchase of non-current assets		(63)	(6,893)
Net cash used in investing activities		(63)	(6,893)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments			
Principal elements of lease payments		(4)	-
Net cash used in financing activities		(4)	-
Net decrease in cash and cash equivalents		(2,973)	(3,504)
Cash and cash equivalents at the beginning of the period		5,409	8,913
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6.3	2,436	5,409

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

South West Development Commission – 30 June 2020

Summary of Consolidated Account Appropriations

For the year ended 30 June 2020

	Budget estimate 2020 \$'000	Supple- mentary Funding 2020 \$'000	Revised Budget 2020 \$'000	Actual 2020 \$'000	Variance 2020 \$'000
<u>Delivery of Services</u>					
Amount Authorised by Other Statutes					
- <i>Salaries and Allowances Act 1975</i>	229	-	229	229	-
Total appropriations provided to deliver services	229	-	229	229	-
GRAND TOTAL	229	-	229	229	-

Table of contents

1. Basis of Preparation	11
2. Use of Our Funding	12
2.1. (a) Employee benefits expenses	12
2.1. (b) Employee benefits provision	12
2.2. Grants and Subsidies	13
2.3. Other expenditure	14
3. Our Funding Sources	14
3.1. Income from State Government	15
3.2. Other Revenue	15
3.3. Commonwealth grants and contributions	15
3.4. Gains	16
4. Key Assets	16
4.1. Infrastructure, property, plant and equipment	16
4.2. Right-of-use assets	19
4.3. Intangible assets	20
5. Other Assets and Liabilities	21
5.1. Receivables	21
5.2. Amounts receivable for services	21
5.3. Other current assets	21
5.4. Payables	21
6. Financing	22
6.1. Lease liabilities	22
6.2. Finance costs	23
6.3. Cash and Cash Equivalents	23
6.4. Commitments	23
7. Financial instruments and Contingencies	24
7.1. Financial Instruments	24
7.2. Contingent assets and liabilities	24
8. Other Disclosures	24
8.1. Events occurring after the end of the reporting period	24
8.2. Initial application of Australian Accounting Standards	24
8.3. Key management personnel	26
8.4. Related party transactions	27
8.5. Related bodies	27
8.6. Affiliated bodies	27
8.7. Remuneration of auditors	27
8.8. Equity	27
8.9. Supplementary financial information	28
8.10. Explanatory statement	28

Notes to the financial statements

1. Basis of Preparation

The Commission is a WA Government entity and is controlled by the State of Western Australia, which is the ultimate parent. The Commission is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units.

A description of the nature of its operations and its principal activities have been included in the 'Overview' which does not form part of these financial statements.

These annual financial statements were authorised for issue by the Accountable Authority of the Commission on 2 September 2020.

Statement of compliance

These general purpose financial statements have been prepared in accordance with:

- 1 The *Financial Management Act 2006 (FMA)*
- 2 The Treasurer's Instructions (**the Instructions or TI**)
- 3 Australian Accounting Standards (AASs) - Reduced Disclosure Requirements
- 4 Where appropriate, those **AAS** paragraphs applicable for not-for-profit entities have been applied.

The *Financial Management Act 2006* and the Treasurer's Instructions take precedence over AAS. Several AAS are modified by the Instructions to vary application, disclosure format and wording. Where modification is required and has had a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

Basis of preparation

These financial statements are presented in Australian dollars applying the accrual basis of accounting and using the historical cost convention. Certain balances will apply a different measurement basis (such as the fair value basis). Where this is the case the different measurement basis is disclosed in the associated note. All values are rounded to the nearest thousand dollars (\$'000).

Judgements and estimates

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements and estimates made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements and/or estimates are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances.

Significant judgements and estimates have been made to meet the requirements of the new standards AASB 16 and AASB 1058.

Refer to Note 8.2 for the impact of the initial adoption and the practical expedients applied in the initial recognition.

Contributed equity

AASB Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* requires transfers in the nature of equity contributions, other than as a result of a restructure of administrative arrangements, to be designated by the Government (the owner) as contributions by owners (at the time of, or prior, to transfer) before such transfers can be recognised as equity contributions. Capital appropriations have been designated as contributions by owners by TI 955 *Contributions by Owners made to Wholly Owned Public Sector Entities* and have been credited directly to Contributed Equity.

The transfers of net assets to/from other agencies, other than as a result of a restructure of administrative arrangements, are designated as contributions by owners where the transfers are non-discretionary and non-reciprocal.

Notes to the financial statements

2. Use of Our Funding

Expenses incurred in the delivery of services

This section provides additional information about how the Commission's funding is applied and the accounting policies that are relevant for an understanding of the items recognised in the financial statements. The primary expenses incurred by the Commission in achieving its objectives and the relevant notes are:

	Notes	2020 \$'000	2019 \$'000
Employee benefits expenses	2.1(a)	266	258
Employee benefits provisions	2.1(b)	13	-
Grants and subsidies	2.2	446	205
Other expenditure	2.3	5,936	3,181

2.1. (a) Employee benefits expenses

	2020 \$'000	2019 \$'000
Wages and salaries	240	232
Superannuation	26	26
Total employee benefits expenses	266	258
Add: AASB 16 Non-monetary benefits	5	-
Net employee benefits	271	258

Wages and salaries: Include wages, salaries and social contributions, accrued and paid leave entitlements and paid sick leave.

Superannuation: The amount recognised in profit or loss of the Statement of Comprehensive Income comprises employer contributions paid to the GSS (concurrent contributions), the WSS, the GESBs, or other superannuation funds.

AASB 16 Non-monetary benefits: Non-monetary employee benefits expenses, predominantly relate to the provision of Vehicle and Housing benefits are measured at the cost incurred by the Commission.

2.1. (b) Employee benefits provision

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

	2020 \$'000	2019 \$'000
Current		
<u>Employee benefits provisions</u>		
Annual leave ^(a)	8	-
Long service leave ^(b)	-	-
	8	-
<u>Other provisions</u>		
Employment on-costs ^(c)	-	-
Total current employee related provisions	8	-
Non-Current		
<u>Employee benefits provisions</u>		
Long service leave ^(b)	5	-
<u>Other provisions</u>		
Employment on-costs ^(c)	-	-
Total non-current employee related provisions	5	-
Total employee related provisions	13	-

(a) **Annual leave liabilities:** Classified as current as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period.

The provision for annual leave is calculated at the present value of expected payments to be made in relation to services provided by employees up to the reporting date.

Notes to the financial statements

- (b) **Long service leave liabilities:** Unconditional long service leave provisions are classified as current liabilities as the Commission does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Pre-conditional and conditional long service leave provisions are classified as non-current liabilities because the Commission has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

The provision of the long service leave liabilities are calculated at present value as the Commission does not expect to wholly settle the amounts within 12 months. The present value is measured taking into account the present value of expected future payments to be made in relation to services provided by employees up to the reporting date. These payments are estimated using the remuneration rate expected to apply at the time of settlement, discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

- (c) **Employment on-costs:** The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation insurance. The provision is the present value of expected future payments.

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'other expenses, Note 2.3 (apart from the unwinding of the discount (finance cost))' and are not included as part of the Commission's 'employee benefits expense'. The related liability is included in 'Employment on-costs provision'.

Key sources of estimation uncertainty- long service leave

Key estimates and assumptions concerning the future are based on historical experience and various other factors that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Several estimates and assumptions are used in calculating the Commission's long service leave provision. These include:

- Expected future salary rates
- Discount rates
- Employee retention rates; and
- Expected future payments

Changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision. Any gain or loss following revaluation of the present value of long service leave liabilities is recognised as employee benefits expense.

2.2. Grants and Subsidies

	2020 \$'000	2019 \$'000
<u>Recurrent</u>		
Non Public organisations	321	205
Local Government agencies	125	-
Total grants and subsidies	446	205

Transactions in which the Commission provides goods, services, assets (or extinguishes a liability) or labour to another party without receiving approximately equal value in return are categorised as 'Grant expenses'. Grants can either be operating or capital in nature.

Grants can be paid as general purpose grants which refer to grants that are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use.

Grants and other transfers to third parties (other than contribution to owners) are recognised as an expense in the reporting period in which they are paid or payable. They include transactions such as: grants, subsidies, personal benefit payments made in cash to individuals, other transfer payments made to public sector agencies, local government, non-government schools, and community groups.

Notes to the financial statements

2.3. Other expenditure

	2020 \$'000	2019 \$'000
Supplies and services		
Communications	1	1
Consultants and contractors	95	100
Consumables	9	17
Repairs and maintenance	37	3
Lease, rent and hire costs	(4)	10
Travel	14	5
Insurance	2	2
Rates and charges	-	2
Other	24	5
Resources provided free of charge by DPIRD ^(a)	3,201	2,987
Total supplies and services expense	3,379	3,132
Other expenses		
Internal audit costs	-	8
Contributions	-	3
Refund of revenue from prior years	2,500	-
Learning and development	-	2
Other expenses	57	36
Total other expenses	2,557	49
Total other expenditure	5,936	3,181

(a) Support Services provided by Department of Primary Industries and Regional Development to support the Commission's in the fulfilment of its statutory functions and obligations under the Regional Development Commission Act 1993. See note 3.1 Income from State Government.

Supplies and services are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any materials held for distribution are expensed when the materials are distributed. Repairs, maintenance and cleaning costs are recognised as expenses as incurred.

Other expenditure includes the return of \$2,500,000 funding to Treasury as approved in the WA State Government 2019-20 Mid-year review. The balance represents the day-to-day running costs incurred in normal operations.

Other expenses includes workers compensation insurance and other employment on-costs. There is nil on costs liability associated with the recognition of annual and long service leave liabilities in both the 2019 and 2020 financial years. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

3. Our Funding Sources

How we obtain our funding

This section provides additional information about how the Commission obtains its funding and the relevant accounting policy notes that govern the recognition and measurement of this funding. The primary income received by the Commission and the relevant notes are:

	Notes	2020 \$'000	2019 \$'000
Income from State Government	3.1	3,430	3,210
Other revenue	3.2	174	24
Commonwealth grants and contributions	3.3	83	30
Gains	3.4	1	-

Notes to the financial statements

3.1. Income from State Government

	2020 \$'000	2019 \$'000
Appropriations received during the period:		
Service Appropriation ^(a)	229	223
Total appropriation received	229	223
Services received free of charge from Other State Government agencies during the period ^(b)		
Department of Primary Industries and Regional Development ^(c)	3,201	2,987
Total services received	3,201	2,987
Total income from State Government	3,430	3,210

- (a) Service Appropriations are recognised as income at the fair value of consideration received in the period in which the Agency gains control of the appropriated funds. The Agency gains control of appropriated funds at the time those funds are deposited in the bank account or credited to the 'Amounts receivable for services' (holding account) held at Treasury. Service appropriations fund the net cost of services delivered. Appropriation revenue comprises a cash component only.
- (b) **Assets or services** received free of charge or for nominal cost are recognised as revenue at fair value of the assets and/or services that can be reliably measured and which would have been purchased if they were not donated. Contributions of assets or services in the nature of contributions by owners are recognised direct to equity.
- (c) **Support Services provided by Department of Primary Industries and Regional Development (DPIRD)** to support the Commission in the fulfilment of its statutory functions and obligations under the Regional Development Act 1993.

The application of AASB 15 and AASB 1058 from 1 July 2019 has no impact on the treatment of income from State Government.

3.2. Other Revenue

	2020 \$'000	2019 \$'000
Rental from property	3	1
Other sundry income	171	23
	174	24

The application of AASB 15 and AASB 1058 from 1 July 2019 has no impact on the treatment of other revenue.

3.3. Commonwealth grants and contributions

	2020 \$'000	2019 \$'000
Australia Trade Commission	83	30
	83	30

Until 30 June 2019

Income from Commonwealth grants is recognised at fair value when the grant is receivable.

From 1 July 2019

Current grants are recognised as income when the grants are receivable.

Capital grants are recognised as income when the Agency achieves milestones specified in the grant agreement.

Notes to the financial statements

3.4. Gains

	2020	2019
	\$'000	\$'000
<u>Net proceeds from disposal of non-current assets</u>		
Office equipment	2	-
<u>Carrying amount of non-current assets disposed</u>		
Office equipment	(1)	-
Net gain/(loss)	1	-

Realised and unrealised gains are usually recognised on a net basis. These include gains arising on the disposal of non-current assets and some revaluations of non-current assets.

Gains and losses on the disposal of non-current assets are presented by deducting from the proceeds on disposal the carrying amount of the asset and related selling expenses. Gains and losses are recognised in profit or loss in the statement of comprehensive income (from the proceeds of sale).

4. Key Assets

Assets the Commission utilises for economic benefit or service potential

This section includes information regarding the key assets the Commission utilises to gain economic benefits or provide service potential. The section sets out both the key accounting policies and financial information about the performance of these assets:

	Notes	2020	2019
		\$'000	\$'000
Infrastructure, property, plant and equipment	4.1	17,889	18,089
Right-of-use assets	4.2	20	-
Intangibles	4.3	-	-
Total key assets		17,909	18,089

4.1. Infrastructure, property, plant and equipment

Year ended 30 June 2020	Land \$'000	Buildings \$'000	Buildings under construction \$'000	Office equipment \$'000	Infrastructure \$'000	Works of Art \$'000	Total \$'000
1 July 2019							
Gross carrying amount	4,266	13,764	-	207	809	50	19,096
Accumulated depreciation	-	-	-	(204)	(171)	-	(375)
Accumulated impairment loss	-	-	-	-	(632)	-	(632)
Carrying amount at start of period	4,266	13,764	-	3	6	50	18,089
Additions	-	27	36	-	-	-	63
Retirements/(transfers)	-	-	-	-	-	-	-
Revaluation increments/(decrements) recognised in other comprehensive income	50	34	-	-	-	-	84
Depreciation	-	(344)	-	(3)	(1)	-	(348)
Impairment losses ^(a)	-	-	-	-	-	-	-
Carrying amount at 30 June 2020	4,316	13,481	36	-	5	50	17,889
Gross carrying amount	4,316	13,481	36	199	809	50	18,891
Accumulated depreciation	-	-	-	(199)	(172)	-	(371)
Accumulated impairment loss	-	-	-	-	(632)	-	(632)

(a) Recognised in the Statement of Comprehensive Income. Where an asset measured at cost is written-down to recoverable amount, an impairment loss is recognised in profit or loss. Where a previously revalued asset is written down to recoverable amount, the loss is recognised as a revaluation decrement in other comprehensive income.

Notes to the financial statements

Initial recognition

Items of property, plant and equipment, costing \$5,000 or more are measured initially at cost. Where an asset is acquired for no or significantly less than fair value, the cost is valued at its fair value at the date of acquisition. Items of property, plant and equipment and infrastructure costing less than \$5,000 are immediately expensed direct to the Statement of Comprehensive Income (other than where they form part of a group of similar items which are significant in total).

Subsequent measurement

Subsequent to initial recognition of an asset, the revaluation model is used for the measurement of:

- land
- buildings
- infrastructure; and
- works of art

Land and works of art are carried at fair value.

Buildings and infrastructure are carried at fair value less accumulated depreciation and accumulated impairment losses.

All other property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Land and buildings are independently valued annually by the Western Australian Land Information Authority (Valuations and Property Analytics) and recognised annually to ensure that the carrying amount does not differ materially from the asset's fair value at the end of the reporting period.

Land and buildings were revalued as at 1 July 2019 by the Valuations and Property Analytics. The valuations were performed during the year ended 30 June 2020 and recognised at 30 June 2020. In undertaking the revaluation, fair value was determined by reference to market values for land: \$2,890,000 (2019: \$2,840,000). For the remaining balance, the fair value of land was determined on the basis of comparison with market evidence for land with low level utility (high restricted use land). The fair value of buildings was determined on the basis of current replacement cost: \$13,454,400 (2019: \$13,764,100).

Infrastructure is independently valued every 3 to 5 years by Valuations and Property Analytics. Infrastructure assets were independently revalued by Valuations and Property Analytics as at 30 June 2020. The valuations were recognised at 30 June 2020. Infrastructure fair value included a building at Pemberton Hydro Power Station (\$109,776; 2019: \$nil), which has not been taken up as the facility has been impaired in full as at 30 June 2019.

Revaluation model:

(a) Fair Value where market-based evidence is available:

The fair value of land, buildings and works of art is determined on the basis of current market values determined by reference to recent market transactions. When buildings are revalued by reference to recent market transactions, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount.

(b) Fair value in the absence of market-based evidence:

Buildings and infrastructure which are specialised or where land is restricted: Fair value of land, buildings and infrastructure is determined on the basis of existing use.

Existing use buildings and infrastructure: Fair value is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, i.e. the current replacement cost. Where the fair value of buildings and infrastructure is determined on the current replacement cost basis, the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset.

Restricted use land: Fair value is determined by comparison with market evidence for land with similar approximate utility (high restricted use land) or market value of comparable unrestricted land (low restricted use land).

Notes to the financial statements

Significant assumptions and judgements: The most significant assumptions and judgements in estimating fair value are made in assessing whether to apply the existing use basis to assets and in determining estimated economic life. Professional judgement by the valuer is required where the evidence does not provide a clear distinction between market type assets and existing use assets.

Depreciation and impairment

Charge for the period

	2020 \$'000	2019 \$'000
Depreciation		
Buildings	344	248
Office equipment	3	6
Computer equipment	-	7
Infrastructure	1	43
Total depreciation for the period	348	304
Impairment		
Infrastructure	-	632
Total impairment for the period	-	632

As at 30 June 2019 there was an impairment of infrastructure. This impairment is related to the Pemberton Hydro Power Station which has been non-operational since 2011 and its financial performance during operation was only 6% of what had been anticipated.

All surplus assets at 30 June 2020 have either been classified as assets held for sale or have been written-off.

Finite useful lives

All infrastructure, property, plant and equipment having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits. The exceptions to this rule include items under operating leases, assets held for sale, land and investment properties.

Depreciation is generally calculated on a straight line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Typical estimated useful lives for the different asset classes for current and prior years are included in the table below:

Asset	Useful life: years
Building	20 to 40 years
Office Equipment	3 to 10 years
Infrastructure	20 to 29 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments should be made where appropriate.

Land and works of art which are considered to have an indefinite life, are not depreciated. Depreciation is not recognised in respect of these assets because their service potential has not, in any material sense, been consumed during the reporting period.

Impairment

Non-financial assets, including items of infrastructure, property, plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised.

Where an asset measured at cost is written down to its recoverable amount, an impairment loss is recognised through profit or loss.

Where a previously revalued asset is written down to its recoverable amount, the loss is recognised as a revaluation decrement through other comprehensive income.

As the Commission is a not-for-profit entity, unless a specialised asset has been identified as a surplus asset, the recoverable amount of regularly revalued specialised assets is anticipated to be materially the same as fair value.

Notes to the financial statements

If there is an indication that there has been a reversal in impairment, the carrying amount shall be increased to its recoverable amount. However, this reversal should not increase the asset's carrying amount above what would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of the asset's future economic benefits and to evaluate any impairment risk from declining replacement costs.

4.2. Right-of-use assets

Year ended 30 June 2020

1 July 2019

Gross carrying amount

Accumulated amortisation

Carrying amount at start of period

Recognition of right-of-use asset on initial application of AASB 16

Adjusted balance at 1 July 2019

Additions

Disposals

Transfers

Depreciation

Carrying amount at 30 June 2020

Gross carrying amount

Accumulated depreciation

Vehicles
\$'000

Total
\$'000

-

-

-

-

-

-

20

-

20

-

-

-

-

-

-

-

(4)

-

16

-

20

-

(4)

-

Initial recognition

Right-of-use assets are measured at cost including the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs, including dismantling and removing the underlying asset.

Subsequent Measurement

The cost model is applied for subsequent measurement of right-of-use assets, requiring the asset to be carried at the cost less any accumulated depreciation and accumulated impairment losses and adjusted for any re-measurement of lease liability.

Depreciation and impairment of right-of-use assets

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the underlying assets.

If ownership of the leased asset transfers to the Commission at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Right-of-use assets are tested for impairment when an indication of impairment is identified. The policy in connection with testing for impairment of outlined in note 4.1.

Depreciation charge of right-of-use assets

	2020 \$'000	2019 \$'000
Vehicles	4	-
Total right-of-use asset depreciation	4	-
Lease interest expense (included in Finance Cost)	1	-

The total cash outflow for leases in 2019-20 was \$4,425.

Notes to the financial statements

The Commission's leasing activities and how these are accounted for:

The Commission has leases for vehicles.

The Commission has also entered in a Memorandum of Understanding Agreements (MOU) with the Department of Finance for the leasing of office accommodation. These are not recognised under AASB 16 because of substitution rights held by the Department of Finance and are accounted for as an expense incurred.

Up to the 30 June 2019, the Commission classified lease as either finance leases or operating leases. From 1 July 2019, the Commission recognised leases as right-of-assets and associated leases liabilities in the Statement of Financial Position.

The corresponding leases liabilities in relation to these right-of-use assets have been disclosed in note 6.1.

4.3. Intangible assets

Year ended 30 June 2020	Computer software \$'000	Total \$'000
1 July 2019		
Gross carrying amount	132	132
Accumulated depreciation	(132)	(132)
Carrying amount at start of period	-	-
Carrying amount at 30 June 2020	-	-
Gross carrying amount	132	132
Accumulated amortisation	(132)	(132)

Initial recognition

Acquisitions of Intangible assets costing \$5,000 or more and Internally generated Intangible assets costing \$50,000 or more that comply with the recognition criteria as per AASB 138.57 (as noted below), are capitalised. Software that is an integral part of the related hardware is recognised as part of the tangible asset. Software that is not an integral part of the related hardware is recognised as an intangible asset.

Costs incurred below these thresholds are immediately expensed directly to the Statement of Comprehensive Income.

Intangible assets are initially recognised at cost. For assets acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

Subsequent measurement

The cost model is applied for subsequent measurement of intangible assets, requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

Amortisation and impairment

	2020 \$'000	2019 \$'000
Amortisation		
Computer software	-	-
Total amortisation for the period	-	-

As at 30 June 2020 there were no Indications of impairment to intangible assets.

The Commission held no goodwill or intangible assets with an indefinite useful life during the reporting period. At the end of the reporting period there were no Intangible assets not yet available for use.

Amortisation of finite life intangible assets is calculated on a straight line basis at rates that allocate the asset's value over its estimated useful life. All intangible assets controlled by the Commission have a finite useful life and zero residual value. Estimated useful lives are reviewed annually.

The estimated useful life for computer software that is not integral to the operation of any related hardware is 3 to 5 years.

Notes to the financial statements

Impairment of intangible assets

Intangible assets with finite useful lives are tested for Impairment annually or when an Indication of impairment is identified. The policy in connection with testing for impairment is outlined in note 4.1.

5. Other Assets and Liabilities

This section sets out those assets and liabilities that arose from the Commission's controlled operations and includes other assets utilised for economic benefits and liabilities incurred during normal operations:

	Note	2020 \$'000	2019 \$'000
Receivables	5.1	9	16
Amounts receivable for services	5.2	1,253	1,253
Other current assets	5.3	6	-
Payables	5.4	114	72

5.1. Receivables

	2020 \$'000	2019 \$'000
Current		
Receivables	-	10
GST Receivable	9	6
Balance at end of period	9	16

The Commission does not hold any collateral or other credit enhancements as security for receivables.

Receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

5.2. Amounts receivable for services

	2020 \$'000	2019 \$'000
Non-Current	1,253	1,253
	1,253	1,253

Amounts receivable for services represent the non-cash component of service appropriations. It is restricted in that it can only be used for asset replacement or payment of leave liability.

Amounts receivable for services are considered not impaired (ie. there is no expected credit loss of the Holding Account)

5.3. Other current assets

	2020 \$'000	2019 \$'000
Current		
Prepayments	6	-
Balance at end of period	6	-

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

5.4. Payables

	2020 \$'000	2019 \$'000
Current		
Trade payables	29	64
Accrued expenses	85	7
Accrued salaries	-	1
Balance at end of period	114	72

Payables are recognised at the amounts payable when the Commission becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as settlement is generally within 30 days.

Notes to the financial statements

Accrued salaries represent the amount due to staff but unpaid at the end of the reporting period. Accrued salaries are settled within a fortnight of the reporting period end. The Commission considers the carrying amount of accrued salaries to be equivalent to its fair value.

The accrued salaries suspense account (See Note 6.3 'Restricted cash and cash equivalents') consists of amounts paid annually, from Commission appropriations for salaries expense, into a Treasury suspense account to meet the additional cash outflow for employee salary payments in reporting periods with 27 pay days instead of the normal 26. No interest is received on this account.

6. Financing

This section sets out the material balances and disclosures associated with the financing and cash flows of the Commission.

	Notes
Lease liabilities	6.1
Finance costs	6.2
Cash and cash equivalents	6.3
Commitments	6.4

6.1. Lease liabilities

	2020 \$'000	2019 \$'000
Current	4	-
Non-current	16	-
	<u>20</u>	<u>-</u>

The Commission measures a lease liability, at the commencement date, at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Commission uses the incremental borrowing rate provided by Western Australia Treasury Corporation.

Lease payments included by the Commission as part of the present value calculation of lease liability include:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or a rate initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options (where these are reasonably certain to be exercised);
- Payments for penalties for terminating a lease, where the lease term reflects the Commission exercising an option to terminate the lease.

The interest on the lease liability is recognised in profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Lease liabilities do not include any future changes in variable lease payments (that depend on an index or rate) until they take effect, in which case the lease liability is reassessed and adjusted against the right-of-use asset.

Periods covered by extension or termination options are only included in the lease term by the Commission if the lease is reasonably certain to be extended (or not terminated).

Variable lease payments, not included in the measurement of lease liability, that are dependent on sales are recognised by the Commission in profit or loss in the period in which the condition that triggers those payments occurs

This section should be read in conjunction with note 4.2.

Subsequent Measurement

Lease liabilities are measured by increasing the carrying amount to reflect interest on the lease liabilities; reducing the carrying amount to reflect the lease payments made; and remeasuring the carrying amount at amortised cost, subject to adjustments to reflect any reassessment or lease modifications.

Notes to the financial statements

6.2. Finance costs

	2020 \$'000	2019 \$'000
Lease interest expense	1	-
	<u>1</u>	<u>-</u>

'Finance cost' includes the interest component of lease liability repayments.

6.3. Cash and Cash Equivalents

	2020 \$'000	2019 \$'000
Cash and cash equivalents	946	704
Total cash and cash equivalents	<u>946</u>	<u>704</u>
Restricted cash and cash equivalents		
<i>Non-Royalties for Regions Fund Restricted cash (a)</i>		
Lake Kepwari	-	2,666
Picton Land Development	553	553
South West Events	33	33
Tradestart	112	81
Withers Urban Renewal	455	671
Salaries and Allowances	20	-
Land Asset Management - SWDC	15	15
	<u>1,188</u>	<u>4,018</u>
<i>Royalties for Regions Fund Projects Restricted cash(b)</i>		
Capital works Dolphin Discovery Centre	-	4
Regional and Statewide Initiatives	-	381
Regional Grant Scheme	256	256
Community Chest Grants Scheme	35	35
	<u>291</u>	<u>676</u>
Total restricted cash and cash equivalents	<u>1,479</u>	<u>4,694</u>
Accrued salaries suspense account (c)	11	11
	<u>11</u>	<u>11</u>
Balance at end of period	<u>2,436</u>	<u>5,409</u>

(a) Cash held to be used specifically for board approved projects listed.

(b) Royalties for Regions funds held over for approved Royalties for Regions grant programs.

(c) Funds held in the suspense account used only for the purpose of meeting the 27th pay in a financial year that occurs every 11 years.

For the purpose of the statement of cash flows, cash and cash equivalent (and restricted cash and cash equivalent) assets comprise cash on hand.

6.4. Commitments

Non-cancellable operating lease commitments

	2020 \$'000	2019 \$'000
Commitments for minimum lease payments are payable as follows:		
Within 1 year	-	7
Later than 1 year and not later than 5 years	-	19
Later than 5 years	-	4
	<u>-</u>	<u>30</u>

These commitments are all GST inclusive.

From 1 July 2019, the Commission has recognised the right-of-use assets and corresponding lease liability for all non-cancellable operating lease commitments, apart from short term and low value leases. Refer to Note 4.2 and 6.1.

Notes to the financial statements

7. Financial instruments and Contingencies

	Notes
Financial instruments	7.1
Contingent assets and liabilities	7.2

7.1. Financial Instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are:

	2020 \$'000	2019 \$'000
Financial assets		
Cash and cash equivalents	946	704
Restricted cash and cash equivalents	1,490	4,705
Receivables ^(a)	-	10
Amount receivable for services	1,253	1,253
Total financial assets	3,689	6,672
Financial liabilities		
Financial liabilities measured at amortised cost	114	72
Total financial liabilities	114	72

(a) Receivables excludes GST recoverable from the ATO (statutory receivable).

7.2. Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the statement of financial position but are disclosed and, if quantifiable, are measured at nominal value.

Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

There are no contingent assets as at the end of June 2020.

There are no contingent liabilities as at the end of June 2020.

8. Other Disclosures

This section includes additional material disclosures required by accounting standards or other pronouncements, for the understanding of this financial report.

	Note
Events occurring after the end of the reporting period	8.1
Initial application of Australian Accounting Standards	8.2
Key management personnel	8.3
Related party transactions	8.4
Related bodies	8.5
Affiliated bodies	8.6
Remuneration of auditors	8.7
Equity	8.8
Supplementary financial information	8.9
Explanatory statement	8.10

8.1. Events occurring after the end of the reporting period

There were no events occurring after the reporting period date that impact on the financial statements.

8.2. Initial application of Australian Accounting Standards

AASB 15 – Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities

AASB 15 *Revenue from Contracts with Customers* replaces AASB 118 *Revenue* and AASB 111 *Construction Contracts* for annual reporting periods on or after 1 July 2019. Under the new model, an entity shall recognise revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service and is based upon the transfer of control rather than transfer of risks and rewards.

Notes to the financial statements

AASB 15 focuses on providing sufficient information to the users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the contracts with customers. Revenue is recognised by applying the following five steps:

- Identifying contracts with customers
- Identifying separate performance obligations
- Determining the transaction price of the contract
- Allocating the transaction price to each of the performance obligations
- Recognising revenue as each performance obligation is satisfied.

Revenue is recognised either over time or at a point in time. Any distinct goods or services are separately identified and any discounts or rebates in the contract price are allocated to the separate elements.

In addition, income other than from contracts with customers are subject to AASB 1058 income of Not-for-Profit Entities. Income recognition under AASB 1058 depends on whether such a transaction gives rise to liabilities or a contribution by owners related to an asset (such as cash or another asset) recognised by the Commission.

The Commission adopts the modified retrospective approach on transition to AASB 15 and AASB 1058. No comparative information will be restated under this approach and the Commission recognises the cumulative effect of initially applying the Standards as an adjustment to the opening balance of accumulated surplus/(deficit) at the date of initial application (1 July 2019).

Under this transition method, the Agency elects to not to apply the standards retrospectively to non-completed contracts at the date of initial application.

Refer to Note 3.1 to 3.4 for the revenue and income accounting policies adopted from 1 July 2019.

There was no impact on retained earnings on 1 July 2019 as a result of adopting AASB 15 and AASB 1058.

AASB 16 – Leases

From 1 July 2019, AASB 16 *Leases* supersedes AASB 117 *Leases* and related interpretations. AASB 16 primarily affects lessee accounting and provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The main changes introduced by the new Standard include identification of lease within a contract and a new lease accounting model for lessees that require lessees to recognise all leases (operating and finance leases) on the Statement of Financial Position as a right-of-use asset and lease liability, except for short term leases (lease terms of 12 months or less at commencement date) and low-value assets (valued less than \$5,000) where the lessor is not a WA State Government agency. The operating lease and finance lease distinction for lessees no longer exists.

The Commission has applied the modified retrospective approach on initial adoption. As permitted under the specific transition provisions in the standard, comparatives have not been restated. Lease liabilities recognised are measured at present value of the remaining lease payments, discounted using the incremental borrowing rate. Upon initial application, the value of leased right-of-use assets are equal to the recognised leased liabilities.

The Commission is permitted on a lease-by-lease basis to apply the following practical expedients.

- (a) A single discount rate may be applied to a portfolio of leases with reasonably similar characteristics.
- (b) Commission relies on its assessment of whether leases are onerous applying AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* immediately before 1 July 2019 as an alternative to performing an impairment review, the Commission shall adjust the right-of-use asset at the date of initial application by the amount of any provision for onerous leases recognised in the statement of financial position immediately before the date of initial application.
- (c) Exclusion of initial direct costs from the measurement of right-of-use asset at the date of initial application.
- (d) Use of hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

AASB 16 takes into consideration all operating leases that were off balance sheet under AASB 117 and recognises:

Notes to the financial statements

- (a) Right of use assets and lease liabilities in the statement of financial position, initially measured at the present value of future lease payments, discounted using the incremental borrowing rate (2.5%) on 1 July 2019.
- (b) Depreciation of right-of-use assets and interest on lease liabilities in the statement of comprehensive income.
- (c) The total amount of cash paid as principal amount, which is presented in the cash flows from financing activities, and interest paid, which is presented in the cash flows from operating activities, in the statement of cash flows.

Measurement of lease liabilities:

	\$'000
Operating lease commitments disclosed as at 30 June 2019	28
Discounted using incremental borrowing rate at date of initial application	26
Add: Finance lease liabilities recognised as at 30 June 2019	-
(Less): Short-term leases not recognised as liability	(2)
(Less): Low-value leases not recognised as liability	-
Lease liability recognised at 1 July 2019	24
Current lease liabilities	2
Non-current lease liabilities	22

8.3. Key management personnel

The Commission has determined key management personnel to include Chief Executive Officer, members of the accountable authority, senior officers of the Commission and the Minister that the Commission assists. The Commission does not incur expenditures to compensate Ministers and those disclosures may be found in the *Annual Report on State Finances*.

The total fees, salaries, superannuation, non-monetary benefits and other benefits for senior officers of the commission for the reporting period are presented within the following bands:

Compensation of members of the accountable authority	2020	2019
Compensation band (\$)		
70,001 - 80,000	1	1
0 - 10,000	6	6
 Compensation of senior officers		
Compensation band (\$)		
250,001 - 260,000	-	1
180,001 - 190,000	1	-
170,001 - 180,000	1	-
160,001 - 170,000	-	1
150,001 - 160,000	2	1
130,001 - 140,000	-	1
	\$'000	\$'000
Short-term employee benefits	656	677
Post-employment benefits	62	67
Other long-term benefits	34	70
Total compensation of key management personnel	752	814

The total compensation includes the superannuation expense incurred by the Commission in respect of members of the Commission.

Notes to the financial statements

8.4. Related party transactions

The Commission is a wholly owned and controlled entity of the State of Western Australia.

Related parties of the commission include:

- all cabinet ministers and their close family members, and their controlled or jointly controlled entities;
- all senior officers and their close family members, and their controlled or jointly controlled entities;
- other departments and statutory authorities, including related bodies, that are included in the whole of government consolidated financial statements (i.e. wholly-owned public sector entities);
- associates and joint ventures, of a wholly-owned public sector entity; and
- the Government Employees Superannuation Board (GESB).

Material transactions with other related entities

Outside of normal citizen type transactions with the Commission there were no other related party transactions that involved key management personnel and/or their close family members and/or their controlled (or jointly controlled) entities.

8.5. Related bodies

The South West Development Commission had no related bodies.

8.6. Affiliated bodies

The South West Development Commission has no affiliated bodies.

8.7. Remuneration of auditors

Remuneration paid or payable to the Auditor General in respect of the audit for the current financial year is as follows:

	2020 \$'000	2019 \$'000
Auditing the accounts, financial statement controls, and key performance indicators	28	28

8.8. Equity

	2020 \$'000	2019 \$'000
<u>Contributed equity</u>		
Balance at start of year	23,679	19,992
Contributions by owners		
Capital appropriation	-	3,687
Balance at end of period	23,679	23,679
<u>Asset revaluation surplus</u>		
Balance at start of period	9,967	10,978
Net revaluation increments /(decrements)		
Land	50	(1,472)
Buildings	34	455
Works of Art	-	6
Balance at end of period	10,051	9,967
<u>Accumulated (deficit)</u>		
Balance at start of period	(8,951)	(7,635)
Result for the period	(3,312)	(1,315)
Balance at end of period	(12,263)	(8,951)

Notes to the financial statements

8.9. Supplementary financial information

(a) Write-offs

There were no write-offs during the financial year.

(b) Losses through theft, defaults and other causes

There were no losses of public money and public and other property during the financial year.

(c) Gift of public property

There were no gifts of public property during the financial year.

8.10. Explanatory statement

The Commission is exempt from TI 945 Explanatory Statement as their Total Cost of Services is below \$10 million for the two most recent consecutive comparative periods.

**SOUTH WEST DEVELOPMENT COMMISSION
KEY PERFORMANCE INDICATORS
For the year ended 30 June 2020**

CERTIFICATION OF KEY PERFORMANCE INDICATORS

We hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the South West Development Commission's performance, and fairly represent the performance of the South West Development Commission year ended 30 June 2020.



**Nick Belyea
Chairman of the Board
2 September 2020**



**Mellisa Teede
Chief Executive Officer
2 September 2020**



SOUTH WEST DEVELOPMENT COMMISSION

KEY PERFORMANCE INDICATORS

For the year ended 30 June 2020

KEY PERFORMANCE INDICATORS

For the year ended 30 June 2020.

DESIRED OUTCOME

The South West Development Commission's outcome is to coordinate and promote an environment which is conducive to the balanced economic development of the South West Region.

Key Service:

The Commission aims to build quality of life in the South West Region through the development of new industries, more diverse opportunities for its residents, and community and industry infrastructure, while advancing sustainable jobs growth.

RELATIONSHIP WITH GOVERNMENT POLICY

The South West Development Commission delivers its services through four strategic themes: Investing in People and Place, Investing in Infrastructure, Investing in Industry and Business, and Investing in Community.

These four strategic themes integrate together to provide a balanced approach to regional development. They are also aligned with the State Government's strategic planning framework, 'Stronger Focus on the Regions', with greater focus on service delivery, infrastructure investment and economic development to improve the overall quality of life in remote and regional areas.

The activities of the Commission aim to ensure that the South West is a strong and vibrant region.

SOUTH WEST DEVELOPMENT COMMISSION

KEY PERFORMANCE INDICATORS

For the year ended 30 June 2020

KEY EFFECTIVENESS INDICATOR

The Commission's measures its effectiveness indicators through an annual client perceptions survey, conducted by an independent market research company.

Client Satisfaction Survey 2020

Due to COVID-19 restrictions, and pursuant to Treasurer's instruction (TI) 904 para (3)(i) the commission sought and obtained an exemption from reporting the key effectiveness indicator for the 2019-20 financial year.

For all survey periods since 2003, two distinct sample populations have been identified – local governments and key clients.

Effectiveness of the South West Development Commission

(1 = strongly disagree to 7 = strongly agree)

	2014-15		2015-16		2016-17		2017-18		2018-19	
	Agree	Mean	Agree	Mean	Agree	Mean	Agree	Mean	Agree	Mean
Target	80%	n/a	80%	n/a	85%	n/a	90%	n/a	90%	n/a
Total Client Average	91%	6.24	90%	6.18	90%	6.23	86%	5.79	87%	5.81
Key Clients	90%	6.23	90%	6.17	90%	6.24	86%	5.81	88%	5.81
Local Governments	93%	6.26	88%	6.22	93%	6.18	88%	5.56	83%	5.41

There is no target or actual reported for 2019-20, as the Commission is exempt from reporting on the Effectiveness Indicator.

SOUTH WEST DEVELOPMENT COMMISSION

KEY PERFORMANCE INDICATORS

For the year ended 30 June 2020

SERVICE: REGIONAL DEVELOPMENT

KEY EFFICIENCY INDICATOR

Average cost per hour of service

The operating costs of the South West Development Commission are based on the Statement of Comprehensive Income total cost of services (excluding grants and subsidies) for the relevant period. Hourly cost is determined by dividing the expenditure for the period by the total hours worked for the period.

Efficiency Indicator	2016-17	2017-18	2018-19	2019-20 Target	2019-20 Actual
Average cost per hour	\$219	\$163	\$168	\$126	\$132

Commentary

The prior year cost of service included a one off impairment charge of \$631,521, relating to the Pemberton Hydro Power Station as such the current year target was lower than the previous year. The Commission's net cost of services less grants and subsidies and funds returned to treasury was 6% below target whereas the total hours was 10% below target, which resulted in the Average cost per project hours being 5% above target.

Notes on variance between reporting periods

Note 1: Operating cost information is sourced from the Statement of Comprehensive Income total cost of service excluding grants and subsidies, funds returned to treasury and expenses offset by external revenue.

Note 2: Hours are calculated in both the 2019-20 target and actual results use a modified calculation method consistent with DPRID and other RDC's that use an hour's calculation. Hours include all paid hours of staff and contractors but exclude annual and long service leave or unpaid overtime.

Note 3: The target cost per hour is an estimated figure based on budgeted expenditure and staffing.

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SOUTH WEST
DEVELOPMENT COMMISSION

...the catalyst for
economic development
and growth in the
South West.

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*We're working for
Western Australia.*

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